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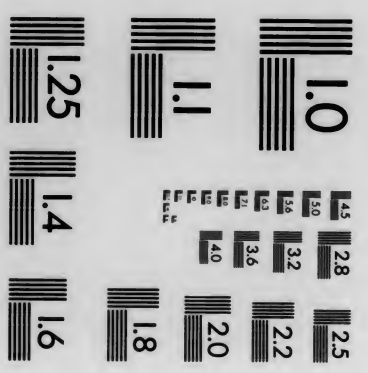
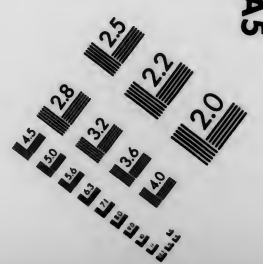


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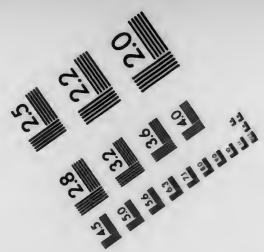
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Trade Thought of Post-War Europe

OLD-WORLD NEEDS AND AMERICAN OPPORTUNITIES AS
REFLECTED IN ADDRESSES AND REPORTS AT THE
INTERNATIONAL TRADE CONFERENCE

ATLANTIC CITY, N.J., OCT. 20, 21, 22, 23, 24, 1919

CALLED BY THE CHAMBER OF COMMERCE
OF THE UNITED STATES

IRVING NATIONAL BANK
WOOLWORTH BUILDING, NEW YORK

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For list of publications, which will be forwarded upon request, see the final pages of this booklet.

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MR. JAMES S. ALEXANDER, Chairman, Conference Committee on Credit and Finance; President, National Bank of Commerce, New York.

MR. FLORIMOND HANKEAR, Chairman, Belgian Mission; Director, National Bank of Belgium, Brussels.

MR. ALFRED C. BEDFORD, Chairman, Executive Committee of Conference; Chairman, Standard Oil Company, New York.

MR. F. O. WATTS, President, First National Bank, St. Louis, Mo.

MR. WILLIAM C. REDFIELD, Secretary, Department of Commerce, Washington, D.C.

MR. ALBERT E. JANSSEN, Director, National Bank of Belgium; Professor, University of Louvain, Belgium.

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MR. FERDINANDO QUARTIERI, Chairman, Italian Mission; President, Italian Chemical Industries Corporation; Milan, Italy.

MR. F. O. WATTS, President, First National Bank, St. Louis, Mo.

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MR. JOHN H. FAHEY, Vice-Chairman, Executive Committee of Conference; St. Johns River Shipbuilding Company, Boston.

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I

The International Trade Conference

*A review of the Atlantic City congress and what it
accomplished towards analyzing, supplying
and financing Europe's needs*

IN size, in spirit and in work accomplished, the International Trade Conference at Atlantic City, October 20th to October 24th, was the most important gathering of the sort since foreign trade began to be a major American interest. At the invitation of the Chamber of Commerce of the United States, commissions made up of leading bankers, manufacturers and economists had been sent over by Great Britain, France, Belgium and Italy to lay their needs and resources before American business men, and work out a basis on which the necessities of each country could be supplied without too heavy a strain upon its resources.

To meet the Allied Missions and discuss with them the problems and factors involved, the Chamber of Commerce had drafted from its membership some of the ablest producers, merchants and bankers of the country. For three days before the general sessions of the conference began on Wednesday evening, eight groups of these specialists representing the metals trades and the coal, oil, textiles, food-stuffs, chemical, shipping and machinery interests, threshed out with committees from each of the missions their national requirements in their particular lines.

Reach Grounds of Understanding

When the regular Conference sessions were inaugurated, therefore, grounds of mutual understanding had been established and the addresses of both Europeans and Americans were directly to the point. Each American committee presented a summary of its conclusions to the Conference, preparing also a more elaborate report for the information of

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the Chamber and its members. These summaries, together with the reports of the Committee on Resolutions and the Committee on Credit and Finance, are printed in the second section of this booklet.

It was on the meetings and the findings of the Committee on Credit and Finance that the interest of the conference chiefly centered. With the exception of the British Mission, which early announced that no special credits or loans would be asked, the European delegates frankly admitted, and the American speakers likewise recognized, that the big task was to find a practicable method of financing the French, Italian and Belgian purchasing programs in this country.

Material Needs Can Be Supplied

The preliminary meetings had developed the fact that the United States could supply nearly all the pressing needs of the Allied countries for raw materials, foods, fuel, machinery and supplies. But the question of paying for them, in view of the continued depreciation of European exchanges, was a problem for which no immediate solution was discovered, either at Atlantic City or during the journey of the Allied Missions about the country.

Real progress was made, however. Chairman A. C. Bedford, in the address with which he brought the Conference to a close, summed up the final results in these words:

"This Conference has greatly clarified the problem of international credit, and the methods by which the people of the United States may co-operate with those of Europe in hastening the reconstruction of the world. It has been made clear that if future credits on a large scale are to be extended to Europe, they must be made not through government but through private initiative. Yet all such activities must at all times have the cordial co-operation and encouragement of governmental authorities. Nothing should be spared in the form of legislation or such governmental action as may be necessary to promote this great end.

"To lend to Europe the stupendous sums which have been mentioned will require saving on the part of all our people. The extension of such credits cannot be by our banks alone.

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The banks themselves largely act as agencies through which to mobilize the credit resources of the merchants, the farmers, the workers and citizens generally. Our people must be made to see that through saving and thus making possible these European credits, the surest contribution will be made to the prosperity and future welfare, not alone of Europe, but of our own country itself.

"Our people must also realize that ability to save the wherewithal for the prompt restoration of the productivity of Europe cannot be acquired by turmoil and strife at home. I venture to commend to our labor friends the importance of realizing what they are about in the strikes now threatened in this country. Industrial strife means, not alone no savings for Europe, but it means disaster to ourselves—to every one of us. The lesson of this is of vital importance to every man gathered here, and it is a lesson which it is incumbent upon each one of us to bring home in every way we can to those with whom we are individually associated."

What is Europe's Situation Now?

As for Europe's present plight—Great Britain excepted—Mr. Eugene Schneider, President of the French Mission and head of the famous Creusot steel works, saw it as the natural consequence of four years of desperate warfare plus eleven months of effort to make over the industrial machinery of each nation to peace-time production.

"At the outbreak of war," he suggested, "each nation was like a vast firm whose cellars and stores contained stocks accumulated by former generations. At the present time cellars and stores are well-nigh empty. We used all our stocks and for a space of four years we produced only to destroy. Never have the wants of Europe been greater nor her resources more scanty. Eleven months after the armistice, eleven months after our victory, we are poor, weak, crushed under an enormous debt. Our populations are too scantily fed; rationing is still in force; the cost of living continues to rise at a more rapid rate even than wages or salaries; many a home is not even assured of its daily bread."

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Too much had been expected of victory, he explained. Long concentration on that one objective had made it an ultimate goal, rather than the starting point for a return to normal activities. With the signing of the armistice, therefore, came a let-down in industry. "Workers, pleading the sufferings they had so bravely undergone, claimed an eight-hour day. In vain did economists point out that to remedy the general shortage of commodities, it was necessary to work and increase production. No one wished to overlook the merits of the workers or their right to concessions; what they demanded was granted. Moreover, the men promised to do in eight hours the work previously done in ten. In actual fact, however, with fewer hours of work, an alarming decrease occurred in production."

Lack of Production Chief Drawback

This slump in production, Mr. Schneider acknowledged, had not yet been corrected; and like admissions were made by spokesmen for Belgium and Italy. But they all agreed that the condition was only temporary, and that the time required for recovery would depend on the degree of America's co-operation and the promptness with which financial aid was forthcoming. They made it plain that long-term credits or outright loans would have to be provided in order to overcome the existing depreciation in European exchange and restore American commodity prices to levels where Europe could afford to buy. For example, Mr. Florimand Hankar, Chairman of the Belgian Mission, pointed out that the high price of dollars and the low price of German marks as compared with Belgian francs, put a seventy per cent premium on American machinery—an impossible handicap for Belgian manufacturers, however much they desired to buy needed equipment in the United States.

One of the surprises of the Conference, indeed, was the unexpected optimism of the Belgian commissioners on the outlook for their country. With a war debt relatively small and first call on the German indemnity fund, her internal situation is further buttressed by the fact that her coal mines, railroads and steel mills generally escaped destruction and

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that 40,000 tons of machinery stolen from her factories have been reclaimed from Germany since April. Her imperative needs, therefore, are cotton and a few other raw materials, and wheat at the rate of 100,000 tons per month.

The British Mission also emphasized England's ability to finance her needs without special credits of any sort, asking only that her usual supply of raw materials should be kept up. France and Italy, on the other hand, have so many and such varied requirements that several engineers and economists were included in their Missions in order that their situations might be adequately presented to the Conference.

France, for instance, will have to import next year foods, fuels, cotton, metals and other raw and semi-finished materials to the value of six or seven hundred million dollars. If the United States is to supply any great proportion of these imports, the present adverse rates of exchange must be corrected by means of long-term credits. Baron du Marais, Vice-Chairman of the French Mission and director of the Credit Lyonnais, Paris, suggested that ten-year credits would be necessary to bridge the reconstruction period in France and provide really effective aid in her industrial and financial restoration. For the succeeding years, the estimated needs are much lower than for 1920.

Italy Asks Huge Guaranteed Loan

Italy's wants are only less than France's. Next year her food imports must reach \$300,000,000, Commander Domenico Gidoni, representative of the Italian Treasury in the United States, told the Conference. For indispensable raw materials, coal and machinery, his estimate was at least \$200,000,000 more. And the only practicable method of payment will be by means of a long-term loan secured by collateral and guaranteed by an Italian banking syndicate having a capital of \$300,000,000 and deposits of \$2,200,000,000. It is not lack of money, Commander Gidoni insisted, but the losses incident to the conversion of Italian lire into dollar exchange which makes establishment of such long-term credits necessary if Italy is to be given a fair chance in the post-war era and American exporters are to fill her orders.

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Both European and American speakers were agreed as to the cause of this unfavorable exchange situation—the huge excess of our exports to Allied countries during and since the war and the slow resumption of the return tide of European products to our markets. In the ten months before the armistice, Mr. J. S. Alexander, Chairman of the Conference Committee on Credit and Finance, pointed out, our exports exceeded our imports by about \$248,000,000 a month. In January the balance had risen to \$409,000,000; in April to \$442,000,000; in June to the astonishing figure of \$625,000,000. Our average excess balance for the first eight months of 1919 was around \$400,000,000 a month, though September and October saw notable decreases. Since July, when the last of our government credits to Allied countries were exhausted, sales to Europe have been financed on a basis of ordinary commercial credit. The consequent accumulation of export bills offered has carried exchange rates to new low levels and has laid a heavy extra tax on every purchase made by any one of our recent allies.

Europe Cannot Stop Her Buying

In the ordinary give and take of peace-time commerce, with normal production in European countries, this condition would soon correct itself. Overseas consumers would buy less and less as exchange rates went against them; in the end something like an equalization of imports and exports (including the invisible items of shipping charges, tourists' expenditures and the like) would be effected. At present however, Europe cannot stop buying American foods and raw materials without condemning her people to misery and postponing the recovery of the industries which must produce if the old status of balanced trade is to be restored.

It was recognition of this double emergency—of Europe's dependence on America's stocks, of the corresponding dependence of American producers on European outlets and of the mutual need of some special method of financing transactions necessary to both sides—which dictated the calling of the Atlantic City Conference. And the Conference, concentrating on the main problem of finding a practicable way

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of financing indispensable sales and purchases, accepted the conclusions of the Committee on Credit and Finance, and pledged itself to co-operate in developing a fundamental plan and carrying out its provisions as speedily as possible.

Outlined briefly for the conference by Mr. Bedford in his closing address, the Committee's conclusions were as follows, —the complete report being printed in Chapter V, page 47:

Credit and Finance Recommendations

"First: After considering this great problem from all angles, the Committee states definitely its belief that the requirements of the nations represented here *can be met*.

"Second: No one plan can cover all cases. The problem of each nation is different from the rest. Not only financial, but commercial, social and political elements enter into the problem. Its solution is the responsibility of America.

"Third: The first definite recommendation is the formation of foreign credit corporations under the Edge Bill.

"Fourth: It is recommended also that a permanent committee be immediately appointed by the Chamber, representative of the entire nation's interest in meeting this emergency, to present the case to the investing public."

"Nor will our people be unmindful," the Committee urged, "of the fact that men, women and children in some sections of Europe will die of disease and starvation unless help is speedily forthcoming from us. And, finally, we believe the investing public realizes that the world is suffering from the contagion of social unrest and radicalism, breeding a disregard for law, which endangers the very existence of democratic institutions. It is to our interest to aid in re-establishing law and order everywhere.

"Looking to the future, the problem must be approached so as to meet not only the urgent needs of the moment but also to lay the foundations for a broad, accurate and world-embracing knowledge, on the part of Americans, of foreign investment. Economic isolation is today a contradiction in terms. If we do not now prepare to do our share, we shall most surely find in another generation that America has not held her proper position in world affairs."

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In accord with the Conference's decision that a permanent finance committee should be established, the Directors of the Chamber of Commerce of the United States and the American Bankers Association have co-operated in appointing the following groups of distinguished business men, bankers and economists to represent the various Federal Reserve districts on the National Committee of European Finance. From the general committee an Executive Committee has also been chosen.

National Committee of European Finance

District No. 1, Boston. Alfred L. Aiken, Henry S. Dennison, Edward A. Filene, F. P. Fish, Louis K. Liggett, Charles Heyden, George C. Lee, James R. MacCall, A. E. Newton, O. M. Sprague, Philip Stockton, Daniel G. Wing and Robert Winsor.

District No. 2, New York. James S. Alexander, George F. Baker, Jr., A. C. Bedford, Willis H. Booth, William P. Bonbright, William A. Brady, James Brown, C. R. Burnett, Irving T. Bush, Newcomb Carlton, Waddill Catchings, E. A. S. Clarke, Charles Clifton, George W. Davison, H. P. Davison, Clarence Dillon, E. L. Doheny, Guy Emerson, Lewis B. Franklin, E. H. Gary, Joseph P. Grace, A. Barton Hepburn, George W. Hodges, Roy W. Howard, Charles E. Hughes, Otto H. Kahn, Cornelius F. Kelley, Alvin W. Krech, Thomas W. Lamont, Samuel MacRoberts, Alfred E. Marling, W. A. McDermid, John McHugh, H. A. Meldrum, E. G. Miner, William Fellowes Morgan, John R. Munn, William H. Nichols, Lewis E. Pierson, James H. Post, Seward Prosser, Harry T. Ramsdell, H. H. Raymond, William C. Redfield, E. W. Rice, John D. Ryan, Charles H. Sabin, William L. Sanders, Homer E. Sawyer, Mortimer L. Schiff, Charles M. Schwab, Charles B. Seger, Alfred H. Smith, George W. Smith, James A. Stillman, Charles A. Stone, Frederick Strauss, Fred S. Strong, W. H. Taylor, William H. Taft, W. C. Teagle, E. P. Thomas, William B. Thompson, George T. Trowbridge, Frank A. Vanderlip, Eliot Wadsworth, Theodore F. Whitmarsh and Clarence M. Woolley.

District No. 3, Philadelphia. Charles S. Calwell, E. Walter Clark, Thomas De Witt Cuyler, Alba B. Johnson, William A. Law, E. H. Morris, George McFadden and Levi L. Rue.

District No. 4, Cleveland. Edwin C. Gibbs, Howard Heinz, E. M. Herr, Myron T. Herrick, Charles A. Hinsch, H. C. McEldowney, Stephen C. Mason, Samuel Mather, A. W. Mellon, W. S. Rowe, Frank A. Seiberling, John Sherwin and Hamilton Stewart.

District No. 5, Richmond. John W. Craddock, Albert D. Graham, Samuel T. Morgan, Thomas B. McAdams, Waldo Newcomer and R. Goodwyn Rhett.

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District No. 6, Atlanta. J. E. Bouden, Jr., J. P. Gears, Mills R. Lane and Robert F. Madox.

District No. 7, Chicago. Emory W. Clark, Joseph H. Defrees, Frank Gerber, Edward N. Hurley, E. D. Hulbert, James Inglis, Alexander Legge, Charles H. MacDowell, E. T. Meredith, John J. Mitchell, John W. O'Leary, F. S. Peabody, George A. Ramsey, George M. Reynolds, Julius Rosenwald, John Scott, John G. Shedd, H. L. Stuart, F. O. Wetmore, Harry A. Wheeler and Thomas E. Wilson.

District No. 8, St. Louis. David R. Francis, Richard S. Hawes, S. L. Orr, Festus J. Wade and F. O. Watts.

District No. 9, Minneapolis. C. T. Jaffray, James F. Bell and Louis W. Hill.

District No. 10, Kansas City. Walter S. Dickey, P. W. Goebel, Thomas B. Stearns and E. F. Swinney.

District No. 11, Dallas. A. L. Clark, Frank Kell, John T. Scott and John H. Kirby.

District No. 12, San Francisco. Frank B. Anderson, H. L. Corbett and James J. Eagan.

International Chamber of Commerce Plans

Before the departure of the Allied Missions, after their month's tour of the industrial centers of the East and the Middle West, final plans were also completed for inauguration of the International Chamber of Commerce proposed by the Committee on Permanent Organization at Atlantic City. The first meeting of the new Chamber will be held in Paris next June. Meanwhile, the preliminary organization work will be carried on by a committee of twenty-five, of which Mr. John H. Fahey, formerly President of the Chamber of Commerce, will be chairman. The American members will be named by the Chamber of Commerce, the various missions nominating the members for their own countries. This organization committee will meet in Paris in May and will prepare the final draft of a constitution for the International Chamber and arrange a program for its first meeting.

The International Chamber will have its headquarters in Europe, with a permanent staff, made up of a Board of Directors, a secretary-general and a group of executive and technical men representing each country. A national bureau in each country will co-operate with its corresponding group at international headquarters and will keep its own members

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in touch with developments throughout the world. Meetings will be held at intervals of two years, the Board of Directors, composed of two men from each country, meeting annually. The charter members of the new Chamber of Commerce will be the five nations represented at the Atlantic City conference—Belgium, France, Great Britain, Italy and the United States. Other countries will be admitted later.



WHAT EUROPE NEEDS MOST

II

What Europe Needs Most

"If you remain strangers to our efforts you will remain strangers to our future—but not strangers to our sufferings."

Mr. Eugene Schneider, Chairman, French Mission; President of Creusot Steel Works, Paris, France.

"The question is not whether we shall recover. Recovery is certain, and those who put their trust in us will not be deceived. The question is: How long will it take us to recover? With your help, recovery will be speedy; without you, recovery will be a more difficult and lengthy process.

"If you remain strangers to our efforts you will remain strangers to our future, but you will not remain strangers to our sufferings. You will know our sufferings and evils, which will reach you in spite of yourselves, in spite of ourselves.

"I am convinced that the United States cannot hold aloof from Europe. The needs of Europe are great and varied, and she will remain for a long time one of your best customers. Suppose that, on account of the rate of exchange, we should cease buying from you. How would your industries be affected? Would there not be overproduction? Would there not be considerable unemployment? Would there not be a wide economic disturbance, with all its consequences?

"The gold heaped up in the vaults of your banks must not give you too much confidence. Bear in mind that gold is a fiction. Its values arise from its being a medium of exchange. If the gold is all on one side, exchange becomes an impossibility. An abundance of gold may be as evil in its consequences as a scarcity of gold.

"Your interest, no less than ours, is involved in the finan-

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cial problem of the Old World, and if only loans can bring the rate of exchange down to a reasonable level, that should be one reason the more for Americans to invest in such loans."

Mr. William G. Harding, Governor, Federal Reserve Board, Washington, D.C.

"It is the view of the Federal Reserve Board that the need of Europe is for long credits, and that the situation, therefore, is one which appeals to the investment market. Many of the problems which now confront European countries are present in an acute form in this country, and there is a great need for larger production, reduced consumption, more economy and thrift. The liquid wealth of the world as represented by goods and commodities has been reduced to an alarming extent by reason of the war, and the volume of credit throughout the world is out of all proportion to the volume of goods. In order to bring about more normal conditions, it will be necessary to restore the proper balance between credits and goods. This process will necessarily be a slow one, but it is essential that a beginning should be made and the restoration can be made only by rigid application of the principle of work and save.

"We must economize in consumption. There should be conservation of capital and credit in order to have more of each available for the processes of production and distribution; but unfortunately the kind of conservation most in evidence just now is the conservation of productive energy.

"There is no reason whatever to believe that our Government will—nor, indeed, could it without the most harmful inflation—continue to make advances out of its treasury to foreign countries. I am convinced, therefore, that the problem of financing Europe, as far as America is concerned, is one for private initiative and individual enterprise.

"It is to the mutual interest of Europe and America that any credits which may be extended shall be employed in the purchase of necessary articles, raw materials, machinery, and

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such manufactured goods as are necessary to relieve distress and enable the countries of Europe to resume productive operations. Credits for the purchase of luxuries should be discouraged, but it is manifest, of course, that action in this respect should be initiated in Europe rather than in this country."

Sir James Hope Simpson, Managing Director, Bank of Liverpool, Liverpool, England.

"We came here partly to tell you our needs; and I am glad to say that England's needs can be summed up in a short sentence. We need the continued supply of your raw materials and all we ask is that you will continue to show the confidence in individual business men that you have hitherto shown. If you found that you could trust them in the past, we ask you to trust them in the future. I will give you an illustration of the meaning of that. A cotton merchant importing into Liverpool cotton from the United States has to take into consideration what that cotton will cost him. He naturally does that before he orders the raw cotton from you, and I ask you to believe that when he places an order with you, however adverse the exchange, however high the price of the cotton, that you may assume that he has made his arrangements for paying for that cotton, that he would not have ordered it unless he had seen his way to meet the bill. Therefore, I say, we ask that you shall continue to supply your raw material to our individual merchants and importers in the normal and usual way. *But we are not asking on behalf of the commercial community of Great Britain for any other special form of credit.*"

Mr. James S. Alexander, Chairman, Conference Committee on Credit and Finance; President, National Bank of Commerce, New York.

"During the war, and since the armistice, we have been sending to Europe an enormous excess of exports. In the ten months preceding the armistice, so far as the published figures

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go, our exports exceeded our imports by about \$248,000,000 a month. Since the armistice the figures have risen. In January our export balance was \$409,000,000; in April it was \$442,000,000; in June it rose to the astonishing figure of \$625,000,000. Exports in that month were \$918,000,000, and imports were \$293,000,000. Our average export balance for the first eight months of 1919 was around \$400,000,000 a month. All of this excess and something more has been in our trade with Europe.

"When the situation is viewed from the other side, even more striking figures appear. France imported over 12,000,000,000 francs' worth of goods in the first six months of 1919 and exported only a little over 2,000,000,000 francs' worth of goods, leaving her an adverse balance of trade of nearly 10,000,000,000 francs. Similar proportions appear in the export and import figures of Italy. Great Britain has had during the first eight months of 1919 an adverse trade balance equivalent to something over \$2,000,000,000.

"Our exports to Europe have changed in character radically since 1913. Before the war we sent Europe largely crude foodstuffs and raw materials. Today we are sending Europe very largely foodstuffs partly or wholly manufactured, and finished manufactures. In other words, we have been, since the armistice, sending Europe chiefly goods for immediate consumption rather than those things which she could use setting her industries going."

Mr. Florimond Hankar, Chairman, Belgian Mission; Director, National Bank of Belgium, Brussels.

"You know all too well what happened to my country during the war. You know of our destroyed cities and towns, our wrecked industries, our workmen taken away into slavery, and the miles of devastated farming and fruit lands. But there is a new story of Belgium beginning. Belgium's wrecked towns and cities are being set in order. Her roads are being rebuilt. Her shell-torn fields are being plowed and

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planted and crops harvested. Here and there, manufacturing plants, which were not despoiled of their machinery by the invading foe, are operating again. Throughout the land there is industry—where industry is possible.

The people of Belgium want to work; they want to produce. Let me say to you that just after the armistice there were 800,000 unemployed in Belgium. And today there are less than 200,000. The spirit of the people is there, but the needed implements and supplies and some foreign credit are lacking. We look to the United States to furnish those necessary factors for the development of Belgium, for the building up of a new Belgium that will be more prosperous, more productive than the old."

Mr. Alfred C. Bedford, Chairman, Executive Committee of Conference; Chairman, Standard Oil Company, New York.

"Some of the early economists used to teach that a nation grew wealthy in proportion to the difference between the amount of goods it sold to other nations and the amount it purchased from them. In other words, the size of the export 'balance of trade' was the measuring rod of national progress. Later, Adam Smith and those who followed him taught that a nation must not only sell to the world but that it must buy from the world, and that the ideal situation was not represented by a huge 'balance of trade,' but by a large volume of trade at a virtual equilibrium between what was sold and what was bought.

"This war has taken us a step further in the development of our thoughts. We now realize that it is not only necessary to sell to the nations of the world and to buy from the nations of the world, but that we have a direct interest in actually promoting on its own account the prosperity of the world, not alone of that part of it comprised within our national boundary lines, but quite as much the prosperity of lands remote from our own. In a peculiar sense is this true of our immediate interest in the reconstruction and revival of the economic

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health and prosperity of those countries who have been our Allies during the war."

Mr. F. O. Watts, President, First National Bank, St. Louis, Mo.

"What is the extent and what is the nature of Europe's needs? Europe has had far too much in the way of goods from us since the armistice. We have sent her a relatively small percentage of raw materials. The great bulk of our exports have been finished manufactures and foods, articles for immediate consumption rather than those which could be used in further production. Luxuries should not go and many of the goods which we consider the comforts of life are of doubtful advantage. Food in adequate quantities Europe must have. Raw materials Europe must have. Our French friends tell us that they do not expect or need machinery. They plan to produce rails for export. They plan to produce locomotives. As far as possible, Europe should produce her own manufactured goods and should produce manufactured goods for export. No doubt considerable machinery is needed by certain of the countries to the east of Germany, where the destruction has been great and where establishments for producing machinery are less adequate and in less satisfactory condition."

Mr. William C. Redfield, Secretary, Department of Commerce, Washington, D.C.

"The situation is even worse than I thought at that time, for I did not then recall what ought to be really in your minds as business men; that when we say we are accumulating now a balance, as we call it, in our favor of about four billion dollars a year as things are now running, that balance is reckoned in American dollars at par. If it is reckoned in the currencies in which it must be paid by those who owe it, you must add something like twenty or twenty-five per cent. So the four billions of dollars in our favor now, reckoned from the standpoint from which it must be considered by most of Europe, is the equivalent of about five billions.

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"As I see it, the obligations of the world to the United States are, as a whole, understated. The figures are so very large that perhaps one is afraid to put them where they really are. But it is just as well for you and me to get the facts as they seem really to be, in order that we may know just what the problem is with which we have to deal. The ten billions of debt due us from abroad is government debt. To that must be added soon, if not at once, the amount of a billion and a half dollars, being approximately three years' interest on this great sum, which it is probable we shall fund for the nations abroad, making the total government loan eleven billion five hundred millions when so reckoned. To that must be added an accumulating balance at the present rate of four billions per annum on merchandise account, making a total of fifteen and a half billions. To that further must be added another billion by reason of the difference of exchange of which I have just spoken. So, if we state the problem as one which involves the earlier or later meeting of obligations of at least fifteen billions, we shall know pretty well what we have to face."

Mr. Albert E. Janssen, Director, National Bank of Belgium; Professor, University of Louvain, Belgium.

"What we must have in the future is long-time credit—ten to twenty years. As late as February, the exchange rate on the dollar was five francs sixty-six. It mounted to as high as nine francs, and now is about eight francs fifty, which is a 70 per cent increase over the normal rate. Under such conditions, it is natural we should buy in the United States only the raw materials and food products which are absolutely needed by us; for the reason that the increase of 70 per cent in exchange rate is equal to a 70 per cent export tax which should be imposed by the United States on exports to my country. We are all interested, you and we, in reducing the price of the dollar so that trade may get back to normal. The only means by which the price of the dollar can be reduced

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consists in the credit which the United States should allow to Europe for some years. You must do today for us what we have done for you in the past."

Mr. Breckenridge Long, Assistant Secretary, Department of State, Washington, D.C.

"Today there is a difference. Our life is complicated. Our commerce is intricate, and its channels vary. We produce more than we need, but not all of the things we consume. We export much and import a variety of the products of other lands and of other climes. Such things as balances of trade have come to the intimate acquaintance of every banker and every large producer, and have made it the concern of each that good relations of one government with other governments shall be cultivated and maintained. Diplomacy has been popularized, in that its practice has a direct bearing on the ordinary affairs of life.

"All this demonstrates conclusively that the isolation of former days—a condition which prevailed in every country—has been exchanged for a national interdependence. The isolation was physical. Space and the lapse of time created it. The interdependence is mechanical, for by such agencies have space and time been reduced in consequence. The very processes of reduction have made it the concern of those who are most affected by it, and the men who do the bartering and selling and transporting, the dealers in exchange and the more numerous producers, the spinners and toilers, are brought face to face with diplomatic situations which may affect adversely their means of livelihood.

"Today it is a matter of business that there shall be the fewest possible number of disturbances to production and to commerce. It is equally a matter of business, and for business men, to devise that conditions at home and abroad shall be such as to keep open the usual processes of production and trade. Labor and capital have an interest in common with the government, for each will be affected in the same degree."

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Mr. Homer L. Ferguson, President, Chamber of Commerce of the United States, President, Newport News Shipbuilding Company, Newport News, Va.

"We have asked you here to meet business men from all over this country, representing every line of industry, and you are here to discuss with them our mutual problems—not only yours of Europe, but ours of America. We feel sure that the great task of getting the world on its businessfeet again is no greater than the task which has been met. It cannot be more difficult than the tremendous struggle we have gone through. All of the forces of governments and all of the credits of governments were enlisted to save the civilized world. To do this the governments dropped the reins of business. These governments are now attending to their normal functions, and it remains for the business men of the world, as represented by your Missions and by the men come here to meet you, to help get this old world of ours back again into the normal paths of peace and of production.

"We hope that in our relations with you and in our intercourse with you, to typify, in some small degree, the spirit of our soldiers who fought with your soldiers and showed that, even though their languages and national training and circumstances might not be the same, yet, when the minds and hearts of men are united by the same purpose, they can work together for the common good of all and win in that way the triumphs of peace as well as the triumphs of war."

III

Helping Europe to Buy

"There is world-wide scarcity of capital: for five years the world has devoted its energies to the destruction of capital."

Mr. Alfred C. Bedford, Chairman, Executive Committee of Conference; Chairman, Standard Oil Company, New York.

"This conference, if it accomplishes nothing else, will, I hope, result in giving to the business men of the great nations here represented more than ever before a world point of view. A realization that business in the future will call for the highest standard of efficiency and co-operation, will make for the destruction of ignorant selfishness and merely personal profit, and will be recognized to have succeeded just to the extent that it makes men of all nations realize their interdependence one upon the other, and acts upon the faith that an intelligent self-interest commands upon the part of each of us an active regard for the happiness and welfare of every land on this small earth.

"At a critical moment of the war, Clemenceau said that victory would lie with the side which held out the last quarter of an hour. But at the moment when the armistice was signed Cheradame, another Frenchman and an authority on international relations, very aptly remarked: 'The last quarter of an hour is beginning now.'

"The end of the war has been only the beginning of strife and we must face the problems as they come with steadfastness, courage, and with an open mind in the realization that only those nations can remain or become great who are willing to face and solve these problems and who do not hesitate to endure in order that final success may be achieved."

Mr. Myron T. Herrick, Chairman, Union Carbide and Carbon Company, Cleveland, Ohio.

"The establishment of an international credit system is absolutely essential for the restoration of the world's economic equilibrium. Without the aid and co-operation of the United States this cannot be accomplished. In the solution of this problem, the United States is as necessary as she was in the winning of the war.

"We were late in recognizing our manifest duty then; let us compensate now, as far as possible, for our tardiness then. Let us not delude ourselves as before with the idea that what we do in this direction is simply helping Europe, for it is just as necessary for our prosperity and well-being that this economic structure be restored—not only restored, but built on new lines—as it was for the war to be won.

"But the proposition to be laid before the American people by the Convention has a far deeper significance than a mere banking proposition. The rearing of this new credit structure is just as much our job as it is that of the nations so ably represented here. Our stability and our future prosperity depend upon it. We have the resources, the brains, and we have the patriotism. What we need now is organization and quick action."

Mr. William G. Harding, Governor, Federal Reserve Board, Washington, D.C.

"The Federal Reserve Board appreciates the importance from every point of view of promoting our foreign trade, and believes that the banks of this country generally understand that longer credits than can safely be granted by banks are necessary if we desire to export our surplus of essential commodities. Under the Federal Reserve Act, national banks having a capital and surplus of not less than one million dollars are authorized either to establish branches in foreign countries or to take stock to the extent of ten per cent of their capital and surplus in banks or corporations principally

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engaged in foreign banking. Under a recent amendment to the Act, all national banks, regardless of their size, are authorized to subscribe not more than five per cent of their capital and surplus to the stock of corporations principally engaged in such forms of financial operations as are necessary or conducive to the export of goods.

"The Edge Bill, which has recently passed the Senate and which has been reported favorably by the House Committee on Banking and Currency, provides for the Federal incorporation of foreign banks and of corporations to finance foreign business. The latter are authorized under the terms of the bill to issue their own obligations or debentures against securities acquired abroad which they may offer to the investing public. These corporations will be under the general supervision of the Federal Reserve Board; as their funds will be drawn directly from the investment market, their operations will not impair the liquidity of the assets of the Federal Reserve Banks."

Mr. Domenico Gidoni, Representative of Italian Treasury in United States, New York.

"The state of exchange is one of the gravest problems of peace. It pictures graphically a nation's financial condition, of which it is the most visible sign. A depreciated exchange is directly injurious to a country in its commercial relations with other countries whose exchange is at a premium. When the rate of exchange passes the 'gold point' and there is no possibility of meeting external debts in gold, so as to bring exchange to the normal, a further depreciation cannot in any effective way be halted.

"There is one initial cause for this depreciation below the 'gold point,' that is the inability on the part of the country which has depreciated currency to pay its foreign debts either in gold or commodities of trade. The degree of depreciation depends upon material and psychological factors. The material factors are the amount of paper currency and

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gold reserves, the country's debt, its balance of trade. The psychological factors are the valuation of economic resources, political and social conditions, latent national forces, and the forecast of future prospects.

"This is why countries which are all equally unable to settle their foreign liabilities in gold or goods, and so are all technically on the same monetary plane, still suffer in various degrees from the depreciation of their currencies. The pound sterling, for instance, has depreciated much less than the franc, because both material and psychological factors are favorable to England, where a rapid return to the normal is more certain. Compared with the pound sterling and with the franc, Italian exchange has fallen to a lower level because of certain less favorable factors."

Mr. William C. Redfield, Secretary, Department of Commerce, Washington, D.C.

"How are we to deal with the core of this whole problem? That core is this: To help others who owe us large sums into a position where payment will not be burdensome, and meanwhile to provide them in addition with the thousands of things they need but for which at the moment they have not the means to pay. That is a problem worthy of the very best thought of the American business man. Consider, that at the opening of our part in the war two years ago in April, there were considered to be but three hundred thousand investors in securities in the United States, and that over twenty-one million persons became subscribers to Liberty Bonds. That was a revolution in thought. Now, just such a revolution in thought has yet to take place in the business circles before we shall get the means of dealing adequately with this fraternal problem. We have not been accustomed to buying the securities of foreign lands, and there is no time to educate one hundred and ten million people. The problem is too urgent; the needs are too great; they are here. We have got to do something far more effective than that.

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"It has seemed to me that a new organization must be created, or organizations one or more of a kind, as yet novel to our polity, but yet growing normally out of it. I do not wholly agree with some of my wise and conscientious friends when they say that our banks are able to deal with it. I doubt if that is either correct, or wise. What we must do if we can is to bring the entire credit-giving power of the country to bear on this problem. We placed our great loans because every household became a partaker in them. We must place our great credits on the same principle. I hope we shall get an organization which shall combine within itself the banker, the manufacturer, the merchant, and every other group of our people, which shall represent the whole round sphere of American life and American economic power. Because it does that, it may be made the center of an appeal in every village in the country, and in that way we can get the very heart and mind of the United States with you and for you."

Mr. F. O. Watts, President, First National Bank, St. Louis, Mo.

"Europe has been used to a low interest rate at home, and it comes with a distinct shock to many of the financiers and industries of Europe to learn that higher rates must be paid in the United States. The rule is that interest rates in rapidly growing countries are high, and that in rich and well-developed countries they are low. A borrowing country, too, must expect to pay more for money obtained in a foreign country than the rates ruling in the loaning country. An investor naturally prefers to place his funds at home. Interest rates and security being equal he will invest at home. He will invest with corporations with whose personnel he is acquainted and with whose operations he is familiar. It is an inevitable economic fact that a borrowing country must pay more than the market rate for money on a large scale.

"Further, there is a great, world-wide scarcity of capital. The world has devoted its energies for the past five years to

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the destruction of capital—Europe has done it and we have done it. There is, therefore, an unprecedented demand for capital in the United States, and interest rates on long-time investments are correspondingly high. The rates which must be offered American investors in connection with European investments must be high enough to tempt the *additional* saving which will be required if America is to supply capital both for her own and European needs. If we want the investor to save more than he is now saving, we must offer him additional inducement to do so."

Sir James Hope Simpson, Managing Director, Bank of Liverpool, Liverpool, England.

"And now that the curtain has been rung down on the war, how do we stand in Great Britain? Our pre-war national debt was about three and one-half billion dollars. It is now thirty-eight billion dollars. Of this we owed at the beginning of the war nothing abroad. We now owe seven billion dollars. But against the seven billion we have to set this fact: There is owing to us by our own colonies and by foreign countries about nine billion dollars. I am not authorized to say anything on behalf of our Government, but speaking as a citizen, a private citizen of the British Empire, I do not hesitate to say that while we shall require time to pay our debt it will be paid. The nation is determined to set our finances in order and to foot the bills, as was said in our House of Lords yesterday, the nation must follow the road of sacrifice and hardship, but in the road to honor and safety.

"Finally we are faced with very heavy taxation. I think that every one in England will be poorer than he has been. At any rate, during the rest of my business life I cannot see any chance of relief for the taxpayer. But I feel that if we are to carry out as I know we will, what I have called the setting in order of our national finances, every one of these taxpayers will have to bear a greater burden than he has ever contemplated, and a greater burden than he can with

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comfort bear. However, it will have to be borne and it will be borne, I hope, with cheerfulness and resignation.

"Summing up the whole thing—I try to make this balance-sheet in an informal way—summing up all, I think it comes to this: That we are justified in the strong conviction that we shall recover from our war damage, that we shall recover fairly rapidly; but it will entirely depend, as Mr. Alexander said, upon working and saving upon the part of individuals. I feel with confidence that a country which has already passed through so many severe crises will not succumb to the present crisis and that we may look forward with confidence to our economic future."

Mr. James S. Alexander, Chairman, Conference Committee on Credit and Finance; President, National Bank of Commerce, New York.

"But we know our friends from Europe well enough to believe that they very generally recognize the fact that it is best for them to get money on a basis that is determinable and permanent. Our good-will insures our making every possible effort towards reaching a speedy solution of present uncertainties. But the solution itself must rest not upon a basis of sentiment, but rather upon a foundation of economic fact, of common sense, and sound commercial practice.

"The nations of Europe want credit; but they are not seeking primarily credit for today, but rather a fundamental credit understanding, a system of credit which they can trade upon and make commitments upon. They want to know they can count on help based not upon a generous impulse of the moment, but upon the more permanent, if more impersonal, desire of men to trade with one another on the basis of mutual profit and satisfaction. This is a staff they can lean upon. Any commercial arrangement grounded solely upon the uncommercial and shifting element of good-will and friendly sentiment no matter how firm and true that sentiment may be, will in the end prove unsatisfactory."

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Mr. Dwight W. Morrow, J. P. Morgan & Company, New York.

"Can the people of this country extend \$2,000,000,000 of credits to Europe in a single year? That, to my mind, involves two distinct questions: First, will the people of this country have that much capital to lend? Second, will they be able to find people in Europe to whom they are willing to lend it?

"The first question is fundamentally a question of our own ability to produce and to save. The central figure in that part of the problem is not the manufacturer as such, nor the producer of raw material as such, nor the banker as such, but the man who saves.

"The one fundamental thought that we must hold on to is that while there will be many minor actors in the great enterprise of the restoration of Europe, the indispensable man in that enterprise, the hero of that enterprise, will be the plain, old-fashioned man who spends less than he produces and thus creates the fund without which all of the plans for restoration of Europe must come to naught. He may be rich or he may be poor. He may be a banker, or a merchant, or a school teacher, or a wage-earner. But he must be a saver. For it will be true in the future, as it has been in the past, that there is only one way for the capital fund to increase, and that is by the accumulation of savings."

Mr. Norman H. Davis, President, Trust Company of Cuba, New York.

"The foreign exchange situation, of course, has increased the difficulties, but that is a question that cannot be properly settled by abnormal and economically unsound methods. It seems to be the general impression that the present low rates of sterling, franc, and lire exchange have been caused by the sale of exchange for dollars required to cover purchases here. Such is not the case. England, France, and Italy have, up to the present, covered most, if not all, of their purchases here with dollars obtained through credits, and not by the sale

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of their exchange. The United States Treasury has, since the armistice, loaned to the Allied governments approximately \$2,500,000,000 to cover their commitments and purchases in this country, and the War Department has sold to them on credit materials to the value of about \$500,000,000.

"This assistance has gone far toward supplying their urgent requirements and to carry them through this transitory period, and has aided most materially in avoiding the necessity of selling their exchanges for dollars. The present low rates in their exchanges, therefore, have not been caused by the purchase of dollars, but by the sale of their exchange for other currencies. The present rates of exchange reflect the sales of exchange in other markets, a liquidation of neutral balances during the war, a certain amount of distrust in the world's political stability, a considerable deficit in the present trade and financial balances, and a certain inequality in domestic and financial conditions."

WHAT'S BACK OF EUROPE'S CREDIT?

IV

What's Back of Europe's Credit?

"If you want to know what a nation will do when put to a test, ask what it has done in the past. Even obtuse Germany knows that."

Mr. Dwight W. Morrow, J. P. Morgan & Company, New York.

"When we think of a Europe with much of its accumulated savings gone, we must not forget that, with the war over, character and capacity and skill in organization will still be the qualities by which the worth of nations will be judged.

"Have the nations of Europe that character and capacity and skill in organization which will attract our increasing supplies of accumulated savings? Can any one of us who is familiar with their whole history doubt it? Can any one of us who has watched their conduct during the more than four years of war doubt it? In my opinion the same energy and capacity that they have shown during the war will be directed to the performance of the great task that confronts them.

"They come to us now, not seeking charity on account of their weakness but asking us in our strength to co-operate with them in their strength to rebuild and restore their productive capacity. Their own capital fund will be gradually restored by fresh savings and—what is more essential—those savings will be protected by their own free governments. The same courage and energy and thrift which will create and protect their own savings will attract and protect the accumulated savings of foreign countries."

Sir James Hope Simpson, Managing Director, Bank of Liverpool, Liverpool, England.

"With regard to the general commercial conditions of Great Britain: We have lost five years of economic development of the country; for five years the ordinary replacement of worn-

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out materials, machinery and so on has had to go by the board. The replacement of merchant ships has had to stand over. The savings of the people which would, in ordinary course, be devoted to the development of commercial enterprise have had to be devoted to war-like enterprise. But against that great loss we have to set the great increase in the class of machinery required for the manufacture of munitions of war and an increase in the machinery in our textile factories. I think, on the whole, it may be taken that the increase due to war requirements is a good set-off to the absence of the usual economic saving and development.

"Then we lost some of our foreign investments; and our loss was your gain. It is estimated that at the beginning of the war we held about twenty billion dollars' worth of foreign investments, but we now hold only fifteen billions. Inasmuch as we used the interest on those investments to pay for imports abroad, to that extent we are crippled for the future. We had a vast rise in prices, including the prices of raw materials, machinery, food and clothing. It led to an enormous disturbance in the wage market. It led to the very vital consideration that everything that we buy abroad in the form of raw materials has raised the cost of production against us. But now that we are actually manufacturing and getting again into the export markets we shall gain a corresponding rise in the prices we shall obtain for our exported goods.

"We had an enormous loss of shipping also, not only by natural causes, but by German submarine attacks. When you realize that shipping is the life of our island country, you will realize that we cannot sit down under that loss. Already our shipbuilding yards are full of new merchant steamers in process of construction, and we hope in course of time to overtake the terrible losses which we suffered during the war."

Mr. Alfred C. Bedford, Chairman, Executive Committee of Conference; Chairman, Standard Oil Company, New York.

"Strange economic conditions confront us on every hand, but we cannot be surprised to find that this great war, like

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other wars, has enormously displaced the ratio between commodities and money, reducing the supplies of commodities and enormously augmenting the paper currency and deposits set off against them. We have to deal with the outcome of this situation, which, as was inevitable, is high prices, or rather one of the fundamental causes of high prices. It seems to me that much of the success of our efforts just now will depend on how we regard this stepchild of the war.

"You are probably familiar with the annual review of the Swiss Bank Corporation for the year 1918, which in its summary shows that, leaving Russia out of consideration, the note circulation of the belligerents increased during the war by 447 per cent, which during the same period their gold reserves increased only 45 per cent.

"To me the existence of this great mass of paper currency precludes the possibility of a rapid fall in prices, even if such a trend would not find formidable obstacles in the great volume of national debts and the determination of labor to keep wages high. High prices may be regarded as a symptom of unsoundness, but we can all appreciate the danger which would accompany any rapid fall in prices which would cause goods to sell at less than they cost and the repayment in dear money of debts which had been contracted in cheap money. For these primary reasons, it seems as if we must be reconciled for the time to a changed valuation of money and adjust ourselves to a permanently higher level of prices."

Baron du Marais, Vice-Chairman, French Mission; Director, Credit Lyonnais, Paris, France.

"Several weeks after the signing of the armistice, I met one of our best-known generals. As he knew the terrific strain which our country had undergone, he asked whether France, victorious in arms, could still muster up sufficient strength to bear the financial burden that five years of continuous warfare had imposed upon her. I simply replied:

"During the most trying days of the struggle you never doubted your soldiers. The signing of the armistice has not

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ended the war. It has merely transposed the field of battle. Why not have the same confidence in the worker of France as we have all had in the soldier of France. He is one and the same man.'

Mr. Myron T. Herrick, Chairman, Union Carbide and Carbon Company, Cleveland, Ohio; formerly Ambassador to France.

"You ask, 'Is the credit of England, France, Belgium and Italy good?' You inquire, 'What is their collateral upon which to base credit?' The late J. P. Morgan once said in a great financial crisis that character was the best collateral; that he would not accept the best material collateral unless it was backed by character. Mr. Morrow, who sat at his feet, told you last night that character was the best collateral upon which to base credit. This has become an axiomatic truth. In fact, it is affirmed and understood by all bankers. Permit me to inventory to you the collateral offered by our allies of the world war.

"When the fire of the world was focused upon Belgium, when the German Army, of forty years' careful, sinister building, rushed her border, the value of your Belgian collateral was then tested. You witnessed the reincarnation of France and England. True to their history they have shown you what they could do in war. Is this not an earnest of what they will do in peace?

"At the beginning of the war, Italy was bound in national alliance with Germany. When the malevolent designs of Germany were disclosed, she broke that alliance and joined the Allies. The Italy of Cavour and Garibaldi, the Italy of today needs no endorser of her note.

"If you want to know what a nation will do when put to a test, ask what it has done in the past. Need anyone ask what Belgium, Italy, France and England have done in all the centuries? For the purposes of character credit, you need only know four and a half years of their history—and even obtuse Germany knows that!"

WHAT'S BACK OF EUROPE'S CREDIT?

Mr. Ferdinando Quartieri, Chairman, Italian Mission; President, Italian Chemical Industries Corporation; Milan, Italy.

"Before the war Italian industry and thrift had placed the economic life of our country on a solid basis and insured its steady progress. The rate of exchange, constantly at par, was the best proof of this. A careful study of the situation will, I think, show that there is no reason why we should not again stabilize our position.

"In studying the items which now turn the balance of trade so heavily against us, we find that they fully justify confidence in a rapid economic recovery. The excess of imports is accounted for mainly by raw materials for which there used to be but a limited demand but which our new factories now require to transform into manufactured goods which Italy formerly imported from European countries, mainly from Germany. As for our food imports, they will gradually be reduced now that our men are returning from the armies to the farms.

"Our industrial development and our agricultural revival therefore justify the belief that in a few years' time the balance of trade will once more be such as to make Italy the self-supporting country she was before the war. She will then be able to pay off the debts she has incurred with foreign countries without being unduly hampered by excessively high rates of exchange. She is convinced that her co-operation will be as valuable to her allies in the industrial sphere as it was on the battlefield. She is confident that with your help she will be able to develop more fully her resources and to find employment in her own country for her abundant supply of labor, the value of which you will be the first to appreciate.

"It is this labor which awaits your co-operation to become a bountiful source of wealth and prosperity to the whole world. If your co-operation does not fail us—and it will not—the Italo-American understanding will yet enable us to write jointly a page in the annals of history not unworthy of the countries of Washington and of Columbus."

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Mr. F. O. Watts, President, First National Bank, St. Louis, Mo.

"The resources of Europe are very great and, being wisely handled, will pull Europe out of its difficulties. But we must not reckon these difficulties lightly. Against the assets there are heavy liabilities. Finance and currency are in grave disorder in most of the countries of Europe. The volume of production is low, imports have been enormous and exports have been small. The burden of debt, both internal and external, is very great and the volume of taxation is far from adequate to meet the existing conditions.

"The European currency situation is distressing. It is, of course, closely linked with the public finances of the Government. Gold redemption in all belligerent countries of Continental Europe was suspended when the war began, and they went at once on an irredeemable paper money basis. The value of irredeemable money is at best an uncertain thing. Sound currency divorced from immediate redemption, directly or indirectly in precious metals, is an impossible thing. The value of such currency goes up and down with the credit of the government, and the prospect of redemption in gold. If the volume of such paper money is very great the prospect of gold redemption becomes remote, and the value of the paper is at the mercy of speculation, rumor, political occurrences and social agitation."

Mr. Albert E. Janssen, Director, National Bank of Belgium, Brussels; Professor, University of Louvain, Belgium.

"I know that credit must be based upon confidence. I will say to you that you may have confidence in Belgium. Bolshevism cannot exist in a victorious country—with our free constitution and our democratic institutions, the oldest on the Continent. We are rapidly getting back our old stride. We have a great division of property in Belgium. The farms are nearly all very small. Four hundred million dollars are deposited in the savings banks of Belgium, which have three million depositors, mostly of the poorer classes, out of a

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population of 7,500,000. When so many people are saving and conservative in their habit, they do not rush blindly into political adventures.

"Fortunately, too, we have a good and democratic King, who is intimately acquainted with the needs of his country. I remember something the King said to the people when he triumphantly came back to Brussels to receive the loyal acclaim and allegiance of all classes, capital and labor alike. The King said: 'Order is the basis of social life. Without order, social life cannot be developed. But good order does not consist in a forced submission to unnatural or outside compulsion. It must be a common accord of the hearts and minds of all, so that the spirit of fraternity and harmony inspires a patriotic duty and just care for the maintenance of law and order.'"

Mr. Eugene Schneider, Chairman, French Mission; President of Creusot Steel Works, France.

"Now, what is the situation in the Allied countries? At the present moment we are suffering from three main diseases: Insufficient means of transportation, high prices, inflated paper currency. Note that each of these evils bears in itself its own antidote.

"The crisis in transportation comes from insufficient rolling stock. No doubt but it rises also from a formidable increase in traffic. High prices and inflated currency come from insufficient production and profiteering. No doubt but they arise also from a considerable increase in consumption.

"In our several countries the Governments and the peoples are endeavoring with an energy resembling that displayed during the war to cope with the evils and stamp them out. Road transportation is organized; traffic is diverted to the canals; no possible expedients for relief of congestion are ignored. Laws have been made against profiteers.

"As to the international money exchange crisis, had this not been foremost in our preoccupations we should not have crossed the Atlantic to confer about it with you. Never

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mind if a successful remedy for the condition does not come immediately. The essential thing is to attack the problem; the essential thing is to show good-will."

Mr. Norman H. Davis, President, Trust Company of Cuba, New York.

"Many people have, in my judgment, exaggerated the credit requirements of Europe, and underestimated its fundamental financial and economic strength and its powers of recuperation. They have apparently calculated on the gross requirements without taking into proper consideration the offsets by way of foreign sources of income and of what will be produced and furnished in part exchange. So recent is our experiences of the financial conditions which existed during the war—when men were devoting themselves to the business of destruction—that we are prone to overlook the vast recuperative power inherent in any country which, though devastated, has not been depopulated and the people of which have not been starved.

"In making estimates of Europe's future requirements, there is a tendency to cover a period which is longer than seems wise. Still under the fear of a continued shortage of commodities, there is not sufficient allowance made for the fact that the production of wealth is cumulative; nor for the fact that a considerable period of time is required to expend wisely for the purposes of peace sums of money even approximating those which were lavishly blown into fragments within short periods while the war was in progress. To this state of mind is added the impression that the amount of available capital in the world is limited, and not reproductive, and that estimates must now be made for everything required over a period of years.

"The effect of these factors is to cause what I consider gross overestimates of European requirements, which tend to create an impression in our community of a considerable shortage of commodities and lead to a frame of mind which

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lends itself to the support of constantly rising prices, and increases the difficulties of meeting the situation. I believe that the productive capacity of this country heightened as it has been by the war, added to the productive capacity of Europe, will suffice to supply what the world requires in credit and commodities as fast as the world is prepared to use them. We are passing, at the moment, through a period where the world is stocking up on commodities. That period once passed, we shall realize that there are commodities enough to go around, and we shall then run into a period of more normal supply and demand, with more reasonable prices for all sorts of products."

Mr. James S. Alexander, Chairman, Conference Committee on Credit and Finance; President, National Bank of Commerce, New York.

"This doctrine of thrift and industry is applicable, I think we may all agree, equally to conditions in all the nations engaged in the war, and the encouragement of its practical application is a primary step in any program of reconstruction. We may as well face the fact that the majority of our loans to the nations of Europe are secured at the present time solely by the probability of future productive work. The people of Europe can repay these loans made to them by the people of America only by producing raw materials and manufactured articles, by saving, by sound policies of taxation. The same policies must and will be adopted in the United States. But the world situation cannot be helped one iota by all the planning and discussion and clear thinking of the combined bankers and business men of the world unless all the peoples of the world return to their healthy and normal tasks and begin to do a day's work. We must stop leaning on our governments and depend upon ourselves.

"I would repeat that the solution of our common problems seems to demand as a chief element the maximum of industry and thrift within the nations; it calls for the restora-

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tion of a greater degree of equilibrium in the commercial interchange between the United States and the countries of Europe; the cessation of our Government's financing of foreign purchases here; the encouragement of private enterprise and initiative in place of government assistance, and the provision of a larger measure of long-time credit to finance the foreign purchases of American goods until such time as Europe can pay for what she buys approximately by what she sends us in the form of products."

Mr. Domenico Gidoni, Representative of Italian Treasury in United States, New York.

"It is, of course, impossible to guess how long the economic disorders produced by the war will last, and when the exchange situation will be restored to the normal. There is no precedent in history for this war. Before it the slaughters of Cæsar and Napoleon pale in memory.

"Still, there is one positive reason to hope for the future—the energy and economic resources which the people of the world revealed in the face of the crisis. Bismarck in 1870 thought that he had reduced France to financial impotency for at least twenty years by imposing on her a war indemnity of 5,000,000,000 francs. But France paid the entire debt in about three years and within two decades loaned Russia far greater sums. Spain, on the brink of bankruptcy after the Spanish-American War of 1898 completely re-established her financial position in a little over ten years.

"These precedents are not recalled to deduce from them a prophecy of an easy and quick return to normal conditions. The economic crisis and tests that must be met are full of difficulties, but we have a growing assurance that Italy, just as she won the victory of war, will also win the victory of peace."

LABOR'S ATTITUDE OVERSEAS

V

Labor's Attitude Overseas

"The abuse made of the words socialization and nationalization has brought about a formidable reaction in public opinion"

Sir James Hope Simpson, Managing Director, Bank of Liverpool, Liverpool, England.

"I would like to refer for a moment to the labor unrest in England. We find ourselves, owing to the war, in a very difficult position in regard to labor. I will not cover the ground which was so well covered yesterday by Sir Arthur Shirley Benn, but I would like to confirm from my own experience and inquiries that what he said when he said that in spite of all the strikes of which you read, there seems to be growing up a distinctly better feeling between masters and men. There seems to be a recognition on the part of labor that restriction of output is a national calamity, and a recognition on the part of the employer that the workman must have a greater share than heretofore in the profits of his work as well as greater opportunities to enjoy the social advantages of life.

"When you get that attitude on the part of both employer and the employed, I do not think it will be beyond human skill and wisdom to find a means of solution to the difficulties which still confront our country. Of course, we have had an awful loss of labor through the death of so many young men, but we have discovered a great reservoir of strength in the form of female labor. When you take that into consideration and add to it the fact that we are well equipped now with machinery of all kinds, especially that we are employing more automatic machinery than we did before, I do not think we need to be anxious in England about the future of the labor problem."

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Mr. Florimond Hankar, Chairman, Belgian Mission; Director, National Bank of Belgium, Brussels.

"In opening this Conference last Monday, Mr. Bedford asked: 'What are the menaces to social order and stability in the different countries in Europe today? Have the dangers of Bolshevism or Socialism passed? Is there any danger anywhere of the confiscation of private property, the non-recognition of the rights of ownership and business management or the annulment of law?'

"To the first and second questions I will say that there is no taint of Bolshevism in my country. Our people are restless and in many cases dissatisfied, it is true, but what people rendered homeless by war and facing the problems of life resultant from a great war would not be? But that does not mean they are inclined against law and order or are Bolshevik in tendencies.

"Let me assure you also that there is no danger of confiscation of private property, non-recognition of the rights of ownership or annulment of laws, which fundamentally depend on successful reciprocity in commercial intercourse between Belgium and the nations of the world."

Mr. Eugene Schneider, Chairman, French Mission; President of Creusot Steel Works, France.

"When the eight-hour day became law the representatives of the workers acknowledged that the reduction should not entail a diminution in production. Yet production has diminished.

"This then raises the question: 'Must machinery be improved? Must overtime be worked? Must we fall back to a ten-hour day?' Open a Belgian, French, English or Italian newspaper. The subject is discussed by men of opposite parties with remarkable highmindedness. Every factory, every workshop is trying to institute bonus systems or other schemes of payment likely to enhance the spirit of increased production.

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"The abuse made of the words socialization and nationalization has now brought about a formidable reaction. The common sense of the people and their instinct of social conservation have both shown themselves in opposition to premature experiments. Public opinion, though ready to stand by the workers in any reasonable claims and to help them in any efforts toward betterment, has made it clearly understood that there are limits which must not be overstepped and the revolutionary adventures are not to its taste.

"Bolshevism, after fancying that Europe would be an easy prey, has met with an indomitable resistance in the Allied nations. It broke out in Munich and Budapest, but stopped at our frontiers. This does not mean that we do not dread it, but we are on our guard."

Mr. F. O. Watts, President, First National Bank, St. Louis, Mo.

"A second factor affecting the problem is the labor situation. Labor has been advancing to a greater position of power in our own and all European countries, and the war has greatly accelerated this movement. It is now a question whether labor will serve its own interest and at the same time keep up production and produce that surplus of goods for exchange with other peoples, or whether there will be a general slowing up of industrial activity, resulting in either no net increase in goods or in an actual drawing upon the past accumulated stock of capital.

"It is desirable, therefore, that no artificial or forced resumption of industrial life be attempted, for such is neither possible nor advantageous. Both for the final good of the European peoples, as well as our own, the normal basis of all profitable trading should be resumed as quickly as possible. That is, there should be an exchange of goods for goods and not a continuation of forced trading based upon an extensive system of credit. It is just as true now as before the war that the European nations can produce many goods which we either cannot produce or cannot produce so cheaply, and

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therefore a mutually profitable basis of trade exists. But it would seem that some of our people consider the end to be achieved in foreign trading is always to sell, but never to buy goods, seeking on the contrary to effect no exchange of goods except for money."

Baron du Marais, Vice-Chairman, French Mission; Director, Credit Lyonnais, Paris, France.

"Production does not depend upon the workingman alone. A weaver in India produces no more than several inches of coarse cloth as a result of an entire day's work. Production does not depend upon the inventor alone. Without capital he cannot realize his machinery. Production does not depend upon capital alone. Capital without the workingman and the inventor would be sterile. Production depends rather upon the harmonious combination of workers, technical knowledge, and capital. It is the fruit of these three elements.

"In order to have work well paid, its output must be large. Human effort must be directed and co-ordinated through the intelligence and technical knowledge of the head of the enterprise. Production must be multiplied by the use of the machine, which is the fruit of capital. Every increase in wages which does not carry with it a corresponding increase in production raises the cost of living. It is but a deceptive phantom. When everyone will be brought to the realization of this point, it will mean that the chief part of economic difficulties has been solved or at least lessened and that an important step has been taken toward social progress."

Mr. Alfred C. Bedford, Chairman, Executive Committee of Conference; Chairman, Standard Oil Company, New York.

"Civilization is threatened by insidious forces, not from without but from within. Strange doctrines are abroad. The serious deprivations of war have given rise to counsels of despair; the reaction from the spirit of unselfishness and comradeship of war has been towards suspicion and towards

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expectations that cannot be fulfilled. We find people who speak as though the destruction of our whole moral and social fabric was impending. Not for a moment do I sympathize with such pessimism, and yet Cardinal Mercier before the Chamber of Commerce of New York a few days ago, spoke significantly of the sinister and destructive ideas which were falling on fruitful soil in his own native Belgium. The same condition prevails throughout Europe and evidences of its inroads are not lacking in the United States. The nations of the world face a common foe—an enemy within us, a parasite born of the war, and the destruction of which depends upon the prompt resuscitation of all countries from the devastation of war.

"Upon the business men of the world rests the duty to see to it that the prophecies of despair shall not be verified, and that out of the waste and destruction of war there is reared a new world and a new prosperity which shall insure for all time the welfare and happiness of mankind. Upon these business men rests the opportunity and the obligation to pursue a policy of such sympathy and enlightenment in all their dealings that this new cancer in our social and business life shall have no opportunity to grow."

Mr. Albert E. Janssen, Director, National Bank of Belgium; Professor, University of Louvain, Brussels, Belgium.

"In undertaking the great task of economic reconstruction, an imperative duty is imposed upon the people of Belgium. They must stand united to produce. Production must be the rule of all. There must be strict economy on the part of individuals and the government. It is necessary that we produce to the maximum of our power and consume as little as possible so that our export trade may grow rapidly and the returns from it meet the deficit in our payments on international debts.

"That is the fundamental principle upon which industrial and commercial restoration must be based in our country,

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whose sources of production were so ruthlessly destroyed by the invader. We are not easily discouraged. On the contrary, we have confidence in ourselves, in the industriousness and thrift of all Belgians, characteristics which the people of Belgium ever have possessed. Our country will rapidly recover. You have proof of that in what we already have accomplished since the armistice.

"We hope and firmly believe that ten years from now, when Belgium in 1930 will celebrate the glorious centenary of its independence, we shall show anew to the world, as we were able to show in August, 1914, what the energy and the devotion of the people of Belgium can do to make a prosperous and progressive nation."

Mr. John H. Fahey, Vice-Chairman, Executive Committee of Conference; St. Johns River Shipbuilding Company, Boston.

"The aftermath of war in some of its aspects is quite as terrible as the struggle itself. The death of the soldier on the battlefield, when he gives all for love of country and humanity, is one of the most inspiring things we know. The toll of death which comes from battle is spectacular in extreme and quickly impresses itself upon the mind; but as a sequence of war there are tragedies quite as terrible but less appreciated. Undernourishment, starvation and disease demand this awful tribute from the war-swept countries and those affected by its ravages. The process is slower and more subtle, yet it may be no less destructive in its results. It is not death and sorrow alone that are involved, but the threat to all we hold dear in life as represented and protected by modern civilization.

"Hopeless men, unable to work and to secure food and shelter for their families—soldiers who have risked everything in the zeal of patriotism for the benefit of their fellows—quickly turn in despair to the belief that the existing social order must be wrong which takes no cognizance of their sufferings or brings to them no adequate relief. Men who

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are starving, men deprived of opportunity to work, can hardly be patient and forgiving. The issues which brought us into the war, therefore—freedom, justice, the maintenance of civilization—are just as much at stake today as they were in the spring of 1917 when we plunged into the struggle."

Mr. Homer L. Ferguson, President, Chamber of Commerce of the United States, President, Newport News Shipbuilding Company, Newport News, Va.

"Production of commodities in factories and mines and the carrying on of the transportation which is vital to production—this is all just as essential to us as it is to our friends across the sea. While we are discussing labor troubles and internal dissensions, it is just as well to remember that labor troubles follow upon industry; they do not precede establishment of business but follow it. Without business, without manufacturing, there can be no labor troubles.

"We believe that here in the United States, without our foreign trade, without the safety valve of our foreign business, our enormous production not only of foodstuffs but of manufactured articles would recoil upon us and our labor troubles, serious as they are now, would be magnified tenfold by an over-production here of manufactured goods and by unemployment. We are just as interested, therefore, in keeping up our foreign trade as our friends in Europe. Our internal affairs, our labor troubles are not only deeply influenced by similar conditions abroad—there is an intimate connection—but are also influenced deeply by our commerce with our friends abroad. We depend vitally upon the continuance of that commerce."

Mr. Breckenridge Long, Assistant Secretary, Department of State, Washington, D.C.

"The sinister consequences of the conflict through which we have passed permeate all lands and all conditions of life. Devastated villages, barren fields, the unnumbered graves of

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those who gave their lives for a cause or who died in war's maelstrom, are visible and accountable reminders of the great destruction. But the unnatural purposes to which our best manufacturing efforts were directed under the necessities of war, the loss of efficiency in production, the great pile of the public debts, the damage to industrial stability, the disturbance to political institutions and the impairment of confidence, these and many others are not discernible by the eye, nor measurable by set standards, and are consequently appreciated with diminished understanding.

"Yet, these and similar matters are the most appalling of the results of war. In the destruction of a village there is definiteness and exactitude. It is capable of measurement in value. It is susceptible of exact computation as to the cost of reconstruction. If the village is destroyed, it *is* destroyed. Its status is certain. The time and labor necessary to rebuild it can be learned. But, in the complicated industrial life of today the effect of a great shock is not measurable by any known method. The consequences of the shocks appear intermittently and serve to magnify our fears, in the same manner as those of the superstitious and ignorant—frightened by manifestations which surpass their simple understanding. Recurrences of disturbance in the economic and industrial worlds cause us anxiety, because we, too, are ignorant of the trend of their development."

REPORTS OF CONFERENCE COMMITTEES

FINANCING EUROPE'S NECESSITIES

VI

Financing Europe's Necessities

Report of Committee on Credit and Finance urges formation of corporations to extend long-term commercial credits to Continental countries

THE Committee on Credit and Finance was invited to meet here to confer with business and financial representatives of England, France, Italy and Belgium, for a frank discussion of facts and exchange of views. It was hoped that a better understanding of the needs involved in Europe's reconstruction and of the resources available to meet these needs would thus be reached.

The Committee began its sessions on Sunday, October 19, with the purpose of developing the views of the American bankers and business men on the Committee who came from every section of the United States. This group has met, in turn, with the distinguished Missions from the nations represented at the Conference and has had the opportunity of hearing statements of extreme value on the economic, industrial, commercial and financial situation in those countries.

Discuss Needs of Other Nations

In addition to this information, the Committee has been advised to some extent of the needs of other nations. Many measures have been discussed informally which have to do with supplying the necessities of life to the stricken areas of Europe. It is not within the authority of the Committee to discuss here the countries not represented at this Conference.

The entire situation has taken on a new significance because of the personal contact made possible by the presence of men of such ability and long experience in international trade and finance. The spoken word is always more vivid

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than the written word. All this material submitted to us will be presented to the Chairman of the Trade Conference within a few days. In the meantime it may be said that, after hearing all the statements made here and studying so far as time permitted the facts and opinions submitted by foreign and American delegates to this Conference, the Committee regards the situation not as one of finance purely, but rather as a great world problem arising out of the interplay of social, economic and political forces stirred into action by the world war. It must be self-evident, therefore, that no single all-inclusive formula will solve it.

And yet we believe that ways and means can be found to furnish what is asked of us by the countries which have told their needs to the Conference. Of course, until the factories are again in full operation and these countries have thus substantially decreased their imports and increased their exports, it is clear that they must not be expected to make immediate payment in the United States for the materials they need.

Europe Can Meet its Obligations

The Missions in turn have emphasized the ability and determination of their nations to meet their obligations as they have always met them in the past. They have stated that they expect any loans negotiated here to be on terms and conditions that will meet our domestic situation. The British Mission has not asked for any special aid for their country. The need of those countries which do desire aid of us at this time is in the nature of assistance only until the peak of their reconstruction period is passed.

The length of that period will vary in different countries in proportion to the extent of the destruction and also in proportion to the speed with which their internal economic machinery can be fully set to work. The foreign Missions point out further that the duration of their period of trial will depend to some extent upon the speed with which our aid is rendered. They are already at work. But without help from

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the outside, they cannot approach a maximum of industrial activity for a long period.

How are these needs to come, met? European conditions are such that to a large extent our exports must be made on long-time credits. We find evidence of belief among American exporters that the banks should provide funds for the financing of our exports to Europe in such a manner as to place upon the banks the burden of the transaction.

Banks Anxious to Assist

The banks are eager to help. The difficulty is that commercial banks, as custodians of funds, under obligation to repay deposits on demand, are prevented both by law and by sound business practice from tying up their assets in long-time loans. We find this view understood and confirmed by the distinguished bankers among our European guests. American banks are today functioning normally in the financing of a substantial part of our foreign trade. To the extent that what we export is balanced by what we import, banks can very well make the temporary advances required. But the problem of financing the excess of our exports over our imports, the problem of supplying the long-term credits to cover the balance of trade, is not one for the banks alone. Neither can the banks and the merchants solve it alone, because the extent to which merchants and producers can properly tie up their working capital in long-time advances to foreign customers is limited.

To the extent that long-time credits are required, therefore, it is clear that special machinery must be set up and that, while the commercial banker will have an important role to play, a large responsibility must rest with other elements in the population, notably the investment banker, the exporter, the producer of goods for export, and most important of all, the American investor.

To meet the problems of long-time commercial credits, the Committee believes that organizations of the type contem-

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plated in pending legislation constitute a valuable part of the new machinery needed to meet the present emergency. We have discussed at the Conference the possibilities of corporations formed under the provisions of the Edge Bill, the principles of which have been indorsed by a committee of the American Bankers Association and other influential organizations. We recommend that steps be taken to expedite the speedy passage of that legislation.

We have given study also to the powers of the War Finance Corporation as a helpful agency in the present situation. We believe further careful study should be given to both these agencies with a view to bringing about, not Government initiative in this work, but rather the establishment of a co-operative relationship which will give help and encouragement to private initiative and increase the public's confidence in the credit machinery to be set up.

No Substitute for Individual Effort

It should be stated again that no corporation which may be set up can take the place of individual ingenuity and the wide variety of effort and skill on the part of business men and bankers, working out in detail with business men and bankers in Europe, specific transactions. Some of these may be individually small. But the success of one will lead rapidly to the development of others, until in the aggregate the business done will be large. A return of this normal intercourse, we believe, is the ultimate objective desired on both sides of the water. It should be kept constantly in mind and encouraged even while we are devoting ourselves to providing unusual and temporary measure to meet emergency needs.

This is the attitude in which the Committee has approached the formation of corporations of substantial size, under provisions similar to those in the Edge Bill. An organization with ample capital, with facilities to obtain full credit information abroad, and with a personnel which will insure an

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unquestioned standing at home and abroad, appears to be an expedient well worth support at this time.

When such a corporation is established and is ready to issue its debentures, it is our belief that the securities offered to the American public should stand on their merits as an investment. We feel that as a security is made available through the established investment selling machinery of the United States, on a business basis, the American public will demonstrate that it has a deep interest in the splendid peoples who bore the greatest share of the war, and with whom our soldiers fought side by side until victory was won.

Must Re-establish Law and Order

Nor will our people be unmindful of the fact that men, women and children in some sections of Europe will die of disease and starvation unless help is speedily forthcoming from us. And, finally, we believe the investing public realizes that the world is suffering from the contagion of social unrest and radicalism, breeding a disregard for law which endangers the very existence of democratic institutions. It is to our interest to aid in re-establishing law and order everywhere.

The Committee is deeply impressed with the necessity of action which will meet as quickly as possible both the desires of our foreign friends and the wishes of our own people. There is no lack of desire to help. There is no lack of vision as to the deep and far-reaching significance of the problem, not only from the point of view of America, but from the point of view of the world. But the Committee has found the utmost diversity of judgment and opinion among thoughtful men of wide experience in these matters as to the proper measures to be taken. And this is not unnatural. The world situation today presents the greatest financial problem of history. Never in peace or war has there been a situation involving on the one hand such a variety of divergent requirements, and such a complication of difficulties in the way of meeting those requirements promptly and soundly.

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And yet with the very difficulty of the problem there goes a challenge to the skill, the ingenuity and the public spirit of America. Business men and bankers can meet this situation if they have the active support of the nation, of labor, of the farmers, of the professional men and women, and of the press, and the sympathetic co-operation of public officials. It is a matter for study, for wise counsel, and for action moving forward in a sure and conclusive way because it is a right way.

Looking to the future, the problem must be approached so as to meet not only the urgent needs of the moment but also to lay the foundations for a broad, accurate and world-embracing knowledge, on the part of Americans, of foreign investment. Economic isolation is today a contradiction in terms. If we do not now prepare to do our share, we shall most surely find in another generation that America has not held her proper position in world affairs.

Recommends Permanent Committee on Finance

The Committee believes that understanding of the situation has been distinctly advanced by the Conference. But the great problems presented require continuous study and co-ordination. Therefore, the Committee recommends that a new committee shall immediately be appointed to carry on the work, and to put to practical use the material accumulated.

It is felt that the new committee should represent the responsibility of the entire country in meeting this national emergency. It should be so constituted, either in its full membership, or through a sub-committee as to be able to devote at once a substantial amount of time to the work in hand, to consult with all the interests involved, and to keep at the job until it is finished. Members of the present Committee on Credit and Finance are prepared to join with this new committee if desired. We believe that your new committee will receive the active co-operation of the country, and that it can proceed to the actual definition and effective working operation of the practical measures necessary.

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VII

Europe's Material Needs

Eight American committees summarize the results of their conferences with special British, French, Belgian and Italian Committees

Committee on Reconstruction Supplies

THE Committee on Reconstruction Supplies has to report a pleasant and profitable series of meetings and discussions with corresponding committees from the visiting delegations.

The Committee's plan of operation was simple and direct. We endeavored to ascertain from our friends what things they expected to secure from the United States, and in what quantities and at what rate of delivery. We tried to ascertain also what their own immediate possibilities of production are and what things they are prepared to send to us. We requested them to describe to us their more urgent problems in reconstruction and tried to suggest expedients whereby those problems might be simplified. We tried by various means to reconcile differing points of view which might stand in the way of carrying out the intentions of this Conference.

Upon all points raised we found our guests splendidly equipped with information and fully prepared to meet the members of our Committee—even the most technical of them—quite upon their own ground.

Summary of Belgian Requirements

Detailed reports upon the progress of our Committee already have been provided for the Chamber and we assume will be made available in proper time. For the present purpose and briefly, the following summaries are submitted:

The Belgians need from us, first of all, money, then tools, coal, coke, oil, mining machinery, railroad locomotives and

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lumber. Their representatives state that because of the unfavorable rate of exchange and because of our higher prices, expensive freights and slower deliveries they probably will be obliged to purchase in Germany goods which they would much prefer to purchase from us.

They tell us that the work of reconstruction in Belgium is proceeding rapidly; that their people have gone back to work in a gratifying manner; that the present working day has been shortened to eight hours because of pressure from labor, but the unit efficiency is quite up to the pre-war standard.

Italy Requires Agricultural Implements

Italy's reconstruction problem is principally agricultural, due to the fact that about 90 per cent of her people are engaged in farming. They need agricultural machinery in considerable quantities, also machinery for ditch-digging and drainage work. They also need assistance in the rebuilding and re-equipping of their fisheries.

Their need in the matter of housing is very great and they stress the importance of the employment of American expedients in rapid construction of workmen's houses. They need coal, oil and a wide variety of materials, in the providing of which the United States should be able to play a most important part. They also need extensive assistance in connection with harbor improvements. In general, their needs for our goods are considerable, and not the least of them is their need of money.

England, as stated by their Reconstruction Supplies Committee, has no reconstruction problem which they are not fully qualified to take care of themselves. The housing of British labor was discussed at length, but without leaving the impression that we were to have any part in its solution.

Their Committee also discussed most interestingly the labor conditions in England, and, in a general way, those existing throughout Europe. The impression was conveyed that the labor problem in Europe, while serious, will be

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solved, and that the radical elements, though active at present, must in time yield to the recognized power of law and order. Reference was made also to the general problem of financing the requirements of the more seriously injured of the European countries, and to the exceedingly important part which the United States will play in this connection.

The French Committee submitted a particularly complete report upon their situation. It presented an interesting and surprising statement of the reconstruction work which has already taken place in France, and tended to show that unemployment is diminishing rapidly, agricultural reconstruction has progressed substantially, the people are going back to work, transportation facilities, such as railroads and canals destroyed during the war, are rapidly approaching their pre-war condition, immense new public works, railroads, drainage projects, harbors, etc., are being planned. In general, the French situation as regards industry and commerce is far and away in advance of what is rather generally believed in this country to be the case.

French Policy on Buying and Selling

The French Committee stressed the importance of proceeding along reconstruction lines which will recognize sound economic principles. They propose to buy where the buying is best, and to sell where they can do so with greatest benefit to France. They emphasize the importance which their deposits of iron will represent in the work of French reconstruction, and referred to the great quantities of lumber, wheat, and other materials to be found in the French colonies and which could be transported to France in French ships.

They need, as do Belgium and Italy, money, lumber, machinery, automatic car couplers and railroad signal systems and other equipment necessary to the improvement of their transportation systems, and a number of lines which under normal conditions we might be able to provide, but which, as conditions stand, would be difficult and in many

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cases impossible to purchase from us because of exchange difficulties and the high cost of ocean tonnage.

The Committee regrets that more time was not available for its purposes. It believes, however, that the information we have is valuable and we are particularly impressed with the importance of the friendly acquaintance and the better understanding which have come to us and which we hope have come to our guests through this first meeting.

Committee on Foodstuffs

YOUR special Committee on Foodstuffs, with twenty-four members, representing a wide variety of American natural foods and prepared products, and coming from all over the country, has held meetings with representatives of each of the foreign missions.

At these meetings the food situation as at present and for the coming year of Belgium, France, Italy and Great Britain; the disastrous results on each of these countries of the food conditions, especially in the way of lessened production and restricted importations, produced by war; the efforts being made in each country to meet and remedy these conditions by controlled food use and stimulation of production; together with detailed statistical statements of the food importations needed by each country during the period until the harvests of 1920, especially from the United States, have all been presented and fully discussed.

From the lists made by the foreign representatives of their needs of food importation from America it is apparent that there exists, or will be produced, a sufficient American surplus to provide practically all the foodstuffs listed, in the quantities asked for.

But it is also apparent that the governments and buyers of the foreign countries are faced with certain serious difficulties in the financing of their purchases from the United States, chief of which are exchange rates which at present are greatly to the disadvantage of foreign purchasers.

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The principal remedies suggested for meeting this major difficulty were two. One, made by the foreign representatives, is the extension of long-term credits by American sellers to the European purchasers. The other, made by the American Committee members, is the high desirability of increased exportation from the foreign countries to America of any and all of their own special products suitable for the American trade. A most sympathetic attitude toward both of these matters was exhibited by the committee members, and various practical suggestions were made looking toward the realization of these remedies.

It was suggested that the foreign sellers should attempt a wider and more general distribution of their products in America, and in particular should arrange to avail themselves of existing American trade organizations for exploitation and distribution. It was stated by various gentlemen of the Committee, representing certain large American food trades, that there undoubtedly exist great possibilities in the way of extending in this country, particularly at present, the use of many high-grade food products and specialties prepared by the manufacturers of the European countries represented at the conference.

Recommends Government Action on Cereals

In connection with the need for special temporary credit arrangements for European purchasers, the Committee, being particularly impressed by the peculiar needs of the countries associated with us in the war for the importation from the United States of large quantities of cereals, suggests to the Executive Committee that sympathetic consideration be given to the idea of making recommendations to the President in this matter. It may be appropriate to suggest that as a matter both of wise public policy and of an extension of our humanitarian efforts in behalf of our stricken associates in war, the President should exercise his authority under the Food Control Act to provide these needed cereals

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in such quantities and on such terms of credit as may seem to him wise and safe.

It is fully realized by the Committee that the matter of finance and credit is the particular province of a special committee. But the conferences of the Foodstuffs Committee with the foreign missions have developed so clearly the fact that the only serious difficulty in meeting the absolute food needs of our associates in war and in the development of a desirable foreign market for the American food supplies created by the stimulated production due to the war situation, is lack of a satisfactory arrangement for temporary sympathetic treatment of foreign buyers as regards finance and credit. The Committee, therefore, is constrained to make as a special recommendation to you the desirability of an effort to effect such an arrangement.

Your Committee has been impressed by the mutual advantage that can accrue to America and to the European countries by a continuation of such conferences as the present; and strongly recommends some form of permanent international organization which will insure this continuation.

Committee on Metals

THE Committee on Metals reports that it has had full and frank consultation with the Committees on Metals representing the Belgian, British, French and Italian Commissions, at which the situation in all these countries with reference to their needs for supplies of metals in order to effect the re-establishment of their industries was fully presented and freely discussed.

In general, the reports showed a greater stability of labor conditions and less menace from social unrest than previous public information had indicated. These discussions also showed that the prospect for the complete re-establishment of industry in those countries is decidedly hopeful, provided supplies of raw materials and goods can be secured. So far

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as metals are concerned, it was disclosed that the requirements for France for next year are estimated at 100,000 tons of ship plates and 90,000 to 100,000 tons of copper.

The estimates of their requirements submitted by the Italian Committee included the following annual quantities over the next five years:

Foundry pig iron	200,000	tons
Plates and shapes	60,000	"
Ingots, semi-finished steel, rails	215,000	"
Scrap iron	100,000	"
Tin plates	5,000	"
Copper	15,000	"
Various other metals	10,000	"
Total metal requirements	605,000	"

Electrification of Railroads Projected

Plans are under consideration in France and Italy for extensive electrification of railways. If put into operation, these will require considerable additional supplies of copper over those stated above.

The Belgian requirements are limited to semi-finished steel and copper sheets, but the determination of approximate quantities needed is so dependent upon the rate of restoration of the Belgian works and the supply of necessary fuel as to prevent for the present the making of definite estimates.

The meeting with the British delegation developed the fact that no specific requirements have been formulated, and that Great Britain expects to be able to obtain all the supplies of raw materials necessary for her normal trade, without any special arrangements therefor. The British chairman stated that "the object of America and Great Britain ought to be how best to utilize their outputs for the benefit of the devastated areas. Great Britain has already sent considerable consignments to the Continent in the way of metal goods for reconstruction purposes. We expect not only to be able to continue this, but also to increase the quantities."

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Consideration of the situation presented by the French, Italian and Belgian Committees disclosed the fact that the American industries either have produced, or are capable of producing, surpluses adequate to meet these requirements, provided satisfactory and effective means of financing the transactions are arranged. While to a certain degree and in some lines the American industry would be able to take care of a part of these requirements in normal commercial transactions, the aggregate of requirements involving long credits is so large that some special financial machinery must be arranged in order to enable their satisfactory fulfillment.

In view of the fact that these requirements present a problem beyond the scope of the normal financial machinery, it is the judgment of the Committee on Metals that some emergency legislation such as is contemplated by the Edge Bill now before Congress, should be enacted. The utilization of such emergency facilities for financing exports would enable the American metals industries to meet Belgian, French and Italian requirements with the greatest possible despatch and so to contribute to the prompt restoration of normal conditions in Europe.

Committee on Shipping

SEPARATED from many other matters that were suggested to the Shipping Committee for consideration by the visiting delegates, there are a number of outstanding facts to which attention is herein particularly directed.

Belgium desires lower freight rates. It was the suggestion of the Belgian delegates that if there were a free market for tonnage throughout the world, rates would fall and Belgium would participate in the advantage of the decline.

There is a question, however, if it is possible to free tonnage in the manner desired. England is in great need of food-stuffs. Indeed, it has been said that England's condition in this respect in the coming winter will be more severe than it was at any time during the war. Under these circumstances,

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it is hardly to be expected that British shipping will be left free to seek the most profitable trades, and until that permission, obviously there can be no such thing as free tonnage.

Italy, although she has lost heavily in tonnage during the war, is in a fair way of recouping those losses through the construction of new tonnage in her own yards, by purchases abroad, and by the acquisition of Austro-Hungarian tonnage that formerly hailed from Adriatic ports.

Tonnage to Supply Italy with Coal

Italy's great necessity is coal—coal with which to re-establish herself industrially, for the purposes of transportation, and for the health and comfort of her people. This necessity must be met and it can be met only by America. Previous to the war, Italy imported over ten million tons of coal annually from England, and lesser amounts from France, Germany and the United States. But now importations from these countries, other than the United States, have so greatly diminished as necessarily to oblige Italy to rely almost wholly upon the United States. Unless the United States fulfills in this respect Italian expectations, there must necessarily result throughout Italy great distress.

The Committee, therefore, believes that it is of the highest importance that there should be a co-ordination of effort in the United States to come to Italy's rescue. It is with great satisfaction that the Committee recognizes the fact that of all the nations in need of coal, Italy is contributing more largely than any other in providing for her own necessities.

France is in need of tonnage and of shipbuilding materials. During the war, France was unable to use her shipyards for the construction of merchant tonnage because the yards had been devoted wholly to war purposes. After the beginning of the war, but before the United States entered the war, this tonnage was all requisitioned. Up to the present moment, no settlement has been made for the compensation of the

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private owners of that requisitioned tonnage. The claims of France alone, of all the nations similarly situated, have not been settled. The Committee is advised, however, that the whole matter is the subject of present negotiation and that a satisfactory adjustment of these claims will soon be reached.

France would like to purchase from the Shipping Board, or have built in American shipyards, several hundred thousand tons of merchant ships, but even if this desire were promised fulfillment by the Shipping Board, the prices at which American government shipping is now being held precludes any thought of selling American tonnage to France at this time. But these are matters to which the Committee proposes to give further consideration.

Great Britain Invites Competition

The British delegates alone had no request to make for material support from the United States in the re-establishment of her-merchant marine and overseas trade, except the good will of the American people. Honorable competition on the part of the United States with England in the ocean-carrying trades of the world was heartily invited, coupled with the hope that the survival of the fittest would be the keynote of the international competition.

It early appeared to your Committee that an adequate consideration of the problems herein briefly set forth was impossible during the life of this Conference. There are too many interests involved to be reached and brought within a possible field of co-operation to permit of any specific action at this time. In view of this circumstance, therefore, your Committee has appointed two sub-committees—one to deal with all of the problems, save that of coal, that have been presented, and another to devote itself exclusively to the coal question, particularly as it affects Italy. This latter sub-committee is to act in co-operation with a sub-committee of the Coal Committee. Already the two committees have had a preliminary meeting, and it may be affirmed with con-

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siderable assurance that if the tentative plan of procedure marked out is carried into effect, it will result not only to the very great benefit of the Italian people, but will contribute to the establishment of a coal trade with the Mediterranean ports that will be of so great advantage to the United States in the years to come as alone to justify, from the viewpoint of an American citizen, the calling of this Conference.

Committee on Coal Supply

THE Coal Committee met with the delegations from France, Italy and Belgium, according to schedule.

The French delegation stated that the total requirements of France would be about 60,000,000 tons per year. During the present winter it seems unlikely that Germany will be able to deliver the coal to France stipulated by the peace treaty. Allowing, however, for the imports that can be obtained from Germany, Belgium and England, more than 22,000,000 tons of coal are now required from the United States. For some years to come, several million tons must be imported from America.

Members of the French delegation expressed the belief that control of imports and distribution of coal in France by the French Government would be continued for perhaps six months; thereafter it was expected that the business would return to private hands. The Committee emphasized the high price of American coal delivered in France due to high ocean freights. They also spoke of the difficulty of obtaining sufficient tonnage to transport coal.

The Italian delegation dwelt on the importance of developing a permanent coal trade between the United States and Italy, and said that Italy would necessarily now look to this nation for several million tons annually. They also pointed out the excessive cost to Italy of present imports of American coal with ocean freights so high and with exchange rates so unfavorable to Italy. Speaking of the scarcity of shipping to

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transport coal to Italy, the delegates explained that Italy is using some of her own ships and is chartering other ships to carry her coal imports and is thus helping to bear the burden of transporting coal across the ocean.

The conference with the Belgian representatives developed the fact that Belgium is now producing about 86 per cent of her pre-war coal output. Her chief needs are for coking and other special coals; but with the present prices of American coal so high when delivered in Belgium, on account of ocean freights, no important purchases of coal are to be expected.

Warns Against Activities of Speculators

The Committee explained the nature of American coals and the different kinds which are available for export and for use abroad. It mentioned the probability of a strike of bituminous coal miners on November 1st. The committee felt it necessary to warn European purchasers against the activities of irresponsible speculators in the export coal trade, many of whom have never had any connection with the coal business, and have no expectation of continuing in it, and are offering to sell coals which they cannot obtain and deliver. It explained that the Tidewater coal pools, conducted by the United States Railroad Administration, prevent the delivery of coal of stipulated character on export contracts when the coal is handled through these pools. This statement developed the fact that European buyers are opposed to accepting pool coal and do so only because they may not be able to obtain what they require outside the pools.

Credits and financial arrangements were mentioned but were left to the Committee on Credit and Finance with the assurance that American coal exporters would do their full part in carrying out any recommendations of that Committee.

The Conference developed the unanimous opinion that there is no European demand for anthracite, but that the need is for bituminous coal. It was made clear that, barring a strike, America can produce ample bituminous coal of the

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qualities and kinds sufficient to supply the needs of our allies in Europe, but that scarcity of ocean shipping and high ocean freight rates are preventing the shipment of the coal required. The further fact was brought out that if our overseas coal trade is to be much expanded, better facilities must be provided for export shipments at American coal ports and for discharge at European ports.

The conferences also developed unanimity of sentiment that the task of supplying our allies with sufficient coal can best be handled through the normal activities of the business men of the nations involved, free from restrictions or interference by their governments.

Committee on Petroleum

THE Petroleum Committee had the pleasure of meeting with the representatives from Belgium, France and Italy and discussed with them general questions in connection with the petroleum requirements of their respective countries and more particularly the question of their possible needs of fuel oil to supplement the diminishing coal supply.

Summarized the results of those meetings were as follows:

In Belgium now there is little or practically no storage or distributing facilities for the handling of fuel oil. Belgium is a coal-producing country and we were advised that its mines are now operating 86 per cent of their pre-war capacity. It was the expectation of the Belgian delegation that, given the necessary time for reconstruction and rehabilitation, there would be sufficient coal available to cover their fuel needs. They reported that their supplies of other petroleum products were in every way adequate to take care of their current domestic requirements.

The French delegation stated that the output of French coal mines had never been sufficient for her industrial needs and the destruction of the mines in the north had not been compensated for by the acquisition of the Saar district. For

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these reasons France would afford for some years to come a constantly increasing market for fuel oil.

Providing the necessary tank-steamer tonnage, storage and distributing facilities, as well as the incidental equipment necessary to the burning of fuel oil were obtainable, the French delegates estimated their requirements for 1920 as approximately 100,000 tons of fuel oil per month. The Petroleum Committee advised the French delegation that it would not be difficult for the American petroleum industry to supply their requirements of fuel oil as indicated, subject to the necessary tank-steamer tonnage being secured.

The French delegation explained that they expected a relatively larger consumption of gasoline in the future than there had been in the past. The American Committee pointed out the desirability and perhaps the necessity of arranging as soon as possible, that the French requirements might be supplied to the largest extent possible with gasoline of United States standard specifications.

Fuel Oil for Italian Locomotives

The Italian delegation informed us that there were no coal mines in Italy and that one of her most pressing problems was an adequate supply of fuel. We were advised that a certain number of locomotives on the Italian government railroads had already been adapted to burning fuel oil and that contracts for additional locomotives specified fuel-oil burners. They estimated that eventually, as soon as the necessary tonnage and other facilities could be created, that Italy might be able to use 4,000,000 tons of fuel oil yearly.

The Italian delegation urged that American capital engaged in the petroleum business should join with Italian capital in the formation of local Italian companies to undertake the creation of the necessary facilities not only for the storage and distribution of fuel oil, but also for the completion and operation of two or three refineries in Italy.

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All of the foreign delegations pointed out the difficulties arising out of the present acute exchange situation, which was fully recognized by the American Committee.

The following resolution was adopted: That it is the belief of the Petroleum Committee that the petroleum industry of the United States will participate in any plan that may be worked out and will take its share of any type of international bonds or other forms of security created under such plan.

A report in detail covering the proceedings of the various meetings will be prepared and may be had upon application to the United States Chamber of Commerce or the American Petroleum Institute.

Committee on Chemicals

DEMOBILIZATION of war industries has been proceeding rapidly—particularly in the chemical industry, which was so greatly stimulated during the war. Much of the chemical plant equipment needed for war production has great value in peace times. This is especially true in agricultural chemicals and dyestuffs. By a strange coincidence, plants and cannon eat the same food, and nitrogen compounds, acids, phosphorus, potash and other alkalies and chemicals are basic commodities, both in war and peace. We are still "forging swords into plowshares," as in biblical times. One of the difficulties of readjustment and use is that war needs stimulated a plant equipment in certain lines away beyond immediate peace requirement, and years of normal growth have been discounted. On the other hand, additional equipment will be needed to round out development in peacetime lines which were held back by concentration on war needs.

Before the war, Germany had a practical monopoly in several chemical lines, and as it is easier to buy than to make, other countries had not appreciated the basic nature of chemical production in its relation to national safety and its

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peculiar "key" position with regard to the making of many articles not at all related in the public mind to chemical production. War developments brought home sharply the need of a self-contained national chemical production, and of an army of trained chemists. Since the war, manufacturers, frequently supported by their governments, have been working to change over war plants to peace production and to round out the output to the end that their countries need not go abroad for the bulk of their chemicals. National chemical independence is recommended, perhaps to an exaggerated degree, for the reason that international chemical commerce is important.

The two countries sending representatives of the chemical industry to the Conference were France and Italy.

The French purpose is to develop further and completely its chemical and electro-chemical industry, particular attention being paid to dyestuffs. Following a strike extending through the early summer months, their chemical labor situation is satisfactory. Aside from the procurement of wood distillation products, there is little we could supply them.

Will Take all Potash France can Ship

On their part, the main output in tonnage and value will be potash from Alsace. The French delegation was informed that the United States was prepared to take for the coming spring planting all the potash Alsace could ship; that a small importation was now being received, but that strikes, interior transport and ocean shipping difficulties had so far prevented any large movement. The ocean shipping difficulties should easily be overcome as many ships are returning in ballast. It was intimated that at least 50,000 tons of pure potash, contained in, say 200,000 tons of mixed product, could be spared by French sources, for winter and spring movement, if it could be shipped.

War chemical plants are being changed over to peace uses. Production in considerable volume would be secured

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as soon as necessary raw materials could be obtained. A large tonnage of American phosphate rock could be used but for the high ocean freights now prevailing. Especial attention is to be given by the Italian Government to furthering the use of fertilizers in crop production.

Mr. Quartieri was strongly of the opinion that American capital could find profitable and helpful occupation in Italy in partnership with Italian chemical manufacturers, and that it could contribute experience, machinery and administration in the further development and rounding out of Italian chemical manufacturing. Italy possessed fine chemists, skilled engineers, good workers and relatively cheap electrical power. He stressed the fact that Italy intended to develop her dyestuffs and general chemical industry to meet her own needs, and that she might be able to do an export business. Italy possesses sulphur, pyrites, salt and other raw materials in abundance and would call for little raw material from the United States, benzol being one of the exceptions. As to sales by Italy, there was not much we could import beyond that now coming here, such as citric and tartaric acid, etc.

There was much of general interest discussed at these meetings, such as reasonable uniformity in contract terms, specifications and methods of analysis in selling for export.

Committee on Textiles

THE Textile Committee had the privilege of discussing in an informal, frank and intimate manner with the representatives of France, Great Britain, Italy, Belgium and Portugal, the problems of the re-establishment of the textile industry in order that the world-wide shortage of clothing may be remedied in the shortest possible time.

In general, the European nations have been the manufacturers of textiles for export, while until recently America has absorbed the entire production of the American textile mills. It was the desire of your Committee to ascertain:

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First: What they relied on America to supply in the form of (a) raw materials, (b) semi-manufactured products, (c) manufactured merchandise.

Second: What the real situation is in the textile industry within their own countries.

Third: What exportable surplus they are now able to provide after caring for their own consumer needs.

Fourth: What suggestions or recommendations they would offer looking to the financing of sales of textile products which would be secured in the United States.

A general summary of the views gathered by the Committee in the conferences indicated that practically the only textile product required from the United States would be raw cotton. The large textile manufacturing plants of these countries have recovered their equilibrium, and home requirements have been met and a considerable exportable surplus produced. Early in 1920 normal pre-war operations will be established subject to (a) the securing of necessary raw material, (b) the adoption of a 48-hour week as against the 54 to 63-hour week of the pre-war period.

Can Finance Cotton Importations

In general the mills and merchants were amply able to finance their importations of raw cotton even at the depreciated exchange since the world demand for textiles is great enough to absorb their entire product at prices which will compensate for the extra cost of materials.

The Committee has drawn up recommendations for the Finance Committee based on the belief that depreciated exchange is a severe hardship to the importing country when the product is to be consumed in the country. Conversely, too, it is as much of a handicap to American export trade when our products come into competition in the world's importing markets with products sold for currency costing the buyer less than the American dollar costs.

PLANS PERMANENT CONFERENCE

VIII

Plans Permanent Conference

Organization Committee lays down the lines on which a permanent international trade body should be formed and defines its functions

THE Committee on Permanent Organization begs to report that it has given careful consideration to the subject referred to it and, by unanimous action, joins in making the following recommendations:

I. *Need*—That the need of more comprehensive organization of the commercial and financial interests of the various nations is imperative and that the present International Trade Conference should serve as the foundation on which to construct a permanent organization.

II. *Purpose*—The Committee has adopted and recommends the following statement of general purpose:

To Promote and Co-ordinate Trade Effort

The purpose of the organization is to promote international commerce, to facilitate the commercial intercourse of nations, to secure harmony of action on all international questions involving commerce and industry, and to promote peace, progress and cordial relations between the countries and their citizens by the co-operation of business and the associations devoted to the development of commerce and industry.

III. *Specific Aims*—Your Committee believes that the specific aims of the organization should be:

(a) To create a permanent international headquarters which will centralize all data concerning economic subjects and social conditions; the facts relating to respective needs, present production and future possibilities of each country.

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(b) To act as an instrument of co-ordination which will suggest business regulations and legislative measures to facilitate and encourage economic intercourse.

(c) To inform public opinion through publication of facts concerning business conditions and through dissemination of the views of technical experts and business men.

(d) To put at the disposal of all official organizations the reports and conclusions prepared by these technical experts and business men.

Form and Membership of Conference

IV. *Plan of Organization*—The Committee presents the following suggestions as the basis for a plan of organization:

(a) This organization shall consist of the following elements:

(1) A board of directors consisting of two members selected by each nation. In the event of the inability of such directors to attend the meetings, they shall be represented by an equal number of alternates.

The board of directors shall have general charge of the business of the organization, supervision of its policies and direction of the activities of the international headquarters and its staff. It shall determine the questions to be placed upon the agenda for all meetings.

(2) An international headquarters shall be located at the seat of the organization. One representative of each member nation shall be attached to the international headquarters, who shall be resident at the seat of organization and may have such necessary technical assistants as the board of directors may determine.

(3) There shall be a corresponding national bureau in each country, which will maintain constant relations with the international headquarters.

(b) This organization may include all countries that are members of the League of Nations, but subject to election by the Board of Directors.

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(c) The membership of the organization shall consist of chambers of commerce, commercial organizations, banking associations, and similar associations, the votes of which shall determine all questions of policy. Firms, corporations and individual bankers or business men shall be eligible to admission as associate members by vote of the board of directors and under regulations to be prescribed by the directors. Such associate members shall be entitled to receive the reports and bulletins of the organization and shall be privileged to attend meetings.

(d) In any nation having a national board or organization of its commercial interests the members of the board of directors shall be chosen by that organization. In countries where such national board or organization does not exist, the plan of permanent organization to be later prepared shall recommend some equitable method for choice of directors.

General Conference Every Second Year

(e) The regular meetings of the general membership of the organization shall be held at intervals of two years, except that provision shall be made for the calling of special meetings when necessary. At such international conferences each organization represented in the membership shall be entitled to send not more than five delegates, who shall have the privilege of discussing all questions presented to the Congress.

(f) In taking a vote at the Congress each delegate shall be entitled to one vote. The vote shall be taken in the first instance by a show of hands and the questions shall be decided by a majority of the votes recorded; provided, however, that delegates representing any two countries may ask for a vote by nations, in which case any decision previously recorded shall be final if the resolution proposed by the majority of the delegates is ratified by a majority of the countries.

(g) In all countries having a national board or organization of the commercial and financial interests, the applications for

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membership in the international organization shall be passed upon and approved by the national board or organization.

(h) The Committee on Permanent Organization shall consider, and, if possible, report as a part of a permanent plan of organization, some practical method of securing the opinions of members on important international questions in the intervals between the meetings of the Congress.

(i) The Committee on Permanent Organization shall also recommend a location for the permanent headquarters.

Five Nations in Temporary Organization

V. *Temporary Organization*—It is the recommendation of the Committee that the nations represented in this conference, namely, Great Britain, France, Belgium, Italy and the United States, shall constitute a temporary organization, and that a joint committee be appointed representative of these nations to prepare a plan for permanent organization; that as soon as practicable, a meeting be called by the Committee on Organization of the representatives of such nations as they may unanimously determine to invite, at which meeting the plan for permanent organization shall be presented for adoption in final form.

The Committee recommends that the delegates in this conference from each of the five countries shall select immediately two members of a joint committee on permanent organization to present a complete plan of organization for submission as provided above.

WOULD REMOVE TRADE RESTRICTIONS

IX

Would Remove Trade Restrictions

Committee on Resolutions urges that freedom of action in business be restored and materials and commodities be interchanged

THE various Conference Committees for the most part were organized to represent particular industries and groups of industries in the United States whose direct aid and co-operation were desired to restore the normal processes of commerce. The members of these Committees, being representative of all the factors in their industries, were in a position to say what could or could not be done in their particular lines in meeting immediate needs of Europe, and likewise wherever it was possible to secure prompt results, they were in a position to influence action.

Reports from the Conference Committees have been received and adopted by you. In general, they have covered three phases of the questions before them:

Conference Problems in Three Classes

First—Matters which the Committees could take up with their industries and secure action with little delay;

Second—Matters calling for legislation or in which it is necessary to obtain the co-operation of governments, and

Third—Questions calling for further study before the Committee is either able to act or make recommendations.

Through the instrumentality of this International Conference, accurate and dependable statements as to commercial, industrial and social conditions in the various countries represented here, have been placed before the public of the United States for the first time. Much new information has been

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made available. The problems involved are so many and so complicated that no business man of experience would expect the Committees to make comprehensive reports and recommendations as a result of the comparatively brief consideration they could give to the data presented to them.

It is, therefore, most gratifying that each of the American Committees has been able to present a preliminary report carrying as many concrete suggestions and recommendations for prompt action as they were justified in making under the circumstances. These reports have been presented and adopted by you. This action makes unnecessary special resolutions on most of the subjects involved.

Committees Will Continue Investigations

Each Committee reports the need of further work and investigation in order to follow up the results of the Conference and to deal with questions which could not be disposed of immediately. All of the Committees of the Conference will therefore continue their work in co-operation with the permanent organization provided for the International Trade Conference and the Chamber of Commerce of the United States, which will do everything possible to forward their purposes and efforts.

All of the reports made by the Committees and the proceedings of the Conference will be published immediately and placed at the disposal of the delegates to this Conference and the business and financial organizations of the country. The same course will be followed as soon as additional reports are received from the Committees. For these reasons, your Committee on Resolutions finds it necessary to present for your consideration only a few resolutions which are general in character and which may be separately considered.

The following two resolutions were presented by the Petroleum Committee, considered and amended by the

WOULD REMOVE TRADE RESTRICTIONS

Resolutions Committee, and as amended are recommended for adoption by the International Trade Conference

Reciprocal Recognition of Nationals

RESOLVED, That it is the sense of the International Trade Conference that nationals of each country should be accorded reciprocal recognition in foreign countries identical with that accorded in their own country to nationals of other countries.

Governmental Control of Industries

WHEREAS, During the period of the war the conduct of commerce and industry throughout the world was largely placed under governmental control—the freedom of trade and the law of supply and demand being set aside—and

WHEREAS, It was generally understood that this situation was purely temporary and would come to an end when normal conditions should be re-established;

THEREFORE, BE IT RESOLVED, That it is the sense of the International Trade Conference that all restrictions on natural economic laws should be lifted as soon as the exceptional circumstances growing out of the war will permit.

The following resolution was submitted by the Coal Committee, considered and amended by the Resolutions Committee and as amended is recommended for adoption by the Conference:

Restrictions on Coal Industry

WHEREAS, Our conferences with the European Coal Committees have developed the need of extending and continuing exports of coal to Europe from the United States; and

WHEREAS, Various restrictions by agencies of the American and European Governments prevent the most effective measures being taken to provide suitable coal of sufficient quantities under conditions mutually advantageous; and

INTERNATIONAL TRADE CONFERENCE

WHEREAS, The need for several particular classes of coal in Europe and the production of many different kinds of coal in the United States make it necessary that the purchase, shipment and distribution of these coals should be handled throughout by practical and experienced business men familiar with the details of such business; and

WHEREAS, Governmental restrictions seriously interfere with the development of permanent and desirable trade relationships between the American coal industry, and European consumers;

THEREFORE, BE IT RESOLVED, That we urge the abandonment of governmental restrictions on the purchase, shipment and distribution of coal from America as soon as ever the circumstances of the respective countries will permit.

AND BE IT FURTHER RESOLVED, That the Conference request the Directors of the Chamber of Commerce of the United States to bring this resolution to the attention of the proper American authorities, and that the members of the foreign Missions be likewise requested to bring it to the attention of their respective Governments.

The following resolution originated with the Resolutions Committee itself and in the form here submitted is recommended for adoption by the Conference:

Interchange of Commodities and Raw Materials

It being in the common interest of nations that there should be the widest possible development of industry and commerce, and that prosperity should everywhere prevail, the International Trade Conference deems it to be of prime importance that there should be the widest practicable interchange of commodities and in particular the freest practicable distribution of raw materials; and that at the present moment consideration should be given to the question of a fair distribution of raw materials in connection with any financial plans for the revival or rehabilitation of industries which have been interrupted or prostrated by the war.

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